

## The value of active management

We are committed to providing highest conviction investing through an increasingly discriminating list of managers to help investors reach their desired investment outcomes. As a result of our ongoing manager research and deep portfolio review process, our Portfolio Managers have identified changes to certain funds, effective September 19, 2018.

Effective September 19, 2018, manager and strategy changes will be implemented for six Russell Investment Company Funds.

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

- Equity Income Fund<sup>1</sup>
- U.S. Dynamic Equity Fund
- Commodity Strategies Fund
- Multi-Asset Growth Strategy Fund
- Multi-Strategy Income Fund
- Global Opportunistic Credit Fund

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

<sup>1</sup>Effective September 12, 2018 the U.S. Core Equity Fund was renamed the Equity Income Fund.

## Equity Income Fund<sup>1</sup>

The Russell Investments portfolio managers, Kevin Divney and James Barber, recently made changes in an effort to:

- Align the Fund's manager and strategy lineup with its new investment objective, which is to seek to provide long term capital growth and current income.
- Ensure the highest conviction money managers are used in the Fund.

While each of the terminated money managers remain positively viewed, Russell Investments has higher conviction in the ability of the remaining value-style managers to provide income, which is part of the Fund's investment objective effective September 12. As part of this, the RIM positioning strategy allocation will be increased and its role will be broadened to a large cap U.S. quality income portfolio. The portfolio is expected to be similar to an equity income manager, focusing on higher quality companies with potential for an attractive yield and a track record of growing their dividends.

### Terminated money manager: Jacobs Levy Equity Management, Inc.

- Originally introduced into the Fund in 2012
- Targeted number of holdings: 100-300

### Terminated money manager: Suffolk Capital Management, LLC

- Originally introduced into the Fund in 1991
- Targeted number of holdings: 40-60

### Terminated money manager: Sustainable Growth Advisers, LP

- Originally introduced into the Fund in 2011
- Targeted number of holdings: 20-30

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

Fund assets have been reallocated.

The percentages below represent the target allocation of the Funds' assets to each money managers' strategy and Russell Investment Management, LLC's ("RIM") strategy. This does not include liquidity reserves managed directly by RIM, which may constitute 5% or more of fund assets at any given time.

## Equity Income Fund

| MANAGER                                       | ROLE                 | PREVIOUS TARGET WEIGHT | CURRENT TARGET WEIGHT |
|---|----------------------|------------------------|-----------------------|
| Barrow, Hanley, Mewhinney & Strauss, LLC*     | Value                | 20%                    | 30%                   |
| Brandywine Global Investment Management, LLC* | Value                | 9%                     | 30%                   |
| Jacobs Levy Equity Management, Inc.           | Value                | 28%                    | 0%                    |
| Suffolk Capital Management, LLC               | Growth               | 18%                    | 0%                    |
| Sustainable Growth Advisers, LP               | Growth               | 13%                    | 0%                    |
| Russell Investment Management, LLC (RIM)**    | Positioning strategy | 12%                    | 40%                   |

\*Indicated managers are non-discretionary managers. RIM manages these portions of the Fund's assets based upon model portfolio provided by the managers.

\*\*RIM 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. Positioning strategies are used to seek excess return and manage portfolio risks by targeting specific exposures. These strategies are used in conjunction with allocations to third-party managers to fully reflect Russell Investments' strategic and dynamic views with integrated liquidity and risk management.

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## U.S. Dynamic Equity Fund

The Russell Investments portfolio managers, Kevin Divney and James Barber, recently made changes in an effort to:

- Improve the excess return potential of the Fund by reallocating assets to higher conviction money managers.

While the terminated money manager remains positively viewed, Russell Investments has higher conviction in the ability of the remaining managers. By focusing on less-correlated managers with distinct sub-styles of investing and with continued use of the RIM positioning strategy, Russell Investments can gain more flexibility to align the Fund with its strategic beliefs and preferred positioning.

### Terminated money manager: AJO, LP

- Originally introduced into the Fund in 2012
- Targeted number of holdings: 200

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

Fund assets have been reallocated.

The percentages below represent the target allocation of the Funds' assets to each money managers' strategy and Russell Investment Management, LLC's ("RIM") strategy. This does not include liquidity reserves managed directly by RIM, which may constitute 5% or more of fund assets at any given time.

## U.S. Dynamic Equity Fund

| MANAGER                                   | ROLE                 | PREVIOUS TARGET WEIGHT | CURRENT TARGET WEIGHT |
|---|----------------------|------------------------|-----------------------|
| AJO, LP                                   | Dynamic              | 17%                    | 0%                    |
| Jacobs Levy Equity Management, Inc.       | Market-oriented      | 26%                    | 25%                   |
| Pzena Investment Management, LLC          | Dynamic              | 13%                    | 20%                   |
| Suffolk Capital Management, LLC           | Dynamic              | 27%                    | 30%                   |
| Russell Investment Management, LLC (RIM)* | Positioning strategy | 17%                    | 25%                   |

\*RIM 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. Positioning strategies are used to seek excess return and manage portfolio risks by targeting specific exposures. These strategies are used in conjunction with allocations to third-party managers to fully reflect Russell Investments' strategic and dynamic views with integrated liquidity and risk management.

## Commodity Strategies Fund

The Russell Investments portfolio managers, Mark Raskopf and Victor Leverett, recently made changes in an effort to:

- Improve the return potential of the Fund by focusing on highest-conviction, less-constrained money managers.

While highly regarded, Russell Investments believes Credit Suisse's strategy is more constrained and therefore has a lower return potential than the other managers' strategies in the Fund.

### Terminated money manager: Credit Suisse Asset Management, LLC

- Originally introduced into the Fund in 2010
- Targeted number of holdings: Fully exposed to the commodities held in the Bloomberg Commodity Index Total Return in addition to collateral consisting of short duration bonds and cash.

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

Fund assets have been reallocated.

The percentages below represent the target allocation of the Funds' assets to each money managers' strategy and Russell Investment Management, LLC's ("RIM") strategy. This does not include liquidity reserves managed directly by RIM, which may constitute 5% or more of fund assets at any given time.

### Commodity Strategies Fund

| MANAGER                                    | ROLE                   | PREVIOUS TARGET WEIGHT | CURRENT TARGET WEIGHT |
|--|------------------------|------------------------|-----------------------|
| Credit Suisse Asset Management, LLC        | Global market-oriented | 30%                    | 0%                    |
| Mellon Capital Management Corporation      | Global market-oriented | 20%                    | 23%                   |
| Pacific Investment Management Company LLC  | Global market-oriented | 20%                    | 38%                   |
| Russell Investment Management, LLC (RIM)** | Positioning strategies | 30%                    | 39%                   |

\*RIM 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.

### Multi-Asset Growth Strategy Fund

The Russell Investments portfolio managers, Brian Meath and Rob Balkema, recently made changes in an effort to:

- Improve the excess return potential of the Fund.

To seek to do so, Russell Investments has terminated Sustainable Growth Advisers, LP (SGA) and hired Sompo Japan NipponKoa Asset Management Co., Ltd. (Sompo). While SGA remains positively viewed, Russell Investments is slightly tilting away from growth following a period of strong outperformance.

The hire of Sompo will provide the Fund with exposure to the Japan equity market—specifically within the value space.

#### Terminated money manager: Sustainable Growth Advisers, LP

- Originally introduced into the Fund in 2017
- Targeted number of holdings: 22-30

#### New money manager: Sompo Japan NipponKoa Asset Management Co., Ltd.

##### Firm background:

- Firm headquarters is in Tokyo, Japan
- Lead manager is Eitaro Tanaka

##### The manager's intended role in the Fund:

- Sompo will provide the Fund with exposure to the Japan equity market—specifically within the value space.
- Targeted number of holdings: 20-40

##### Russell Investments' analysis of the manager:

- Russell Investments believes Sompo's valuation bias will give the Fund access to an inefficient area of the market relative to other markets like U.S. large cap.
- Russell Investments has high conviction in Sompo's active management approach that looks to identify and capture price anomalies created by a market that often overreacts to short-term events.

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

Fund assets have been reallocated.

The percentages below represent the target allocation of the Funds' assets to each money managers' strategy and Russell Investment Management, LLC's ("RIM") strategy. This does not include liquidity reserves managed directly by RIM, which may constitute 5% or more of fund assets at any given time.

### Multi-Asset Growth Strategy Fund

| MANAGER  | ROLE                                  | PREVIOUS TARGET WEIGHT | CURRENT TARGET WEIGHT |
|--|---------------------------------------|------------------------|-----------------------|
| Levin Capital Strategies, L.P.*                            | U.S. equity – all cap value           | 1.5%                   | 2.5%                  |
| RiverPark Advisors, LLC*                                   | U.S. equity – large cap growth        | 2.0%                   | 2.5%                  |
| Boston Partners Global Investors, Inc.*                    | U.S. equity – small cap value         | 2.0%                   | 2.5%                  |
| Axiom International Investors LLC*                         | International equity – all cap growth | 3.0%                   | 2.0%                  |
| Kopernik Global Investors, LLC*                            | Global equity – all cap value         | 2.5%                   | 2.5%                  |
| OFI Global Institutional, Inc.*                            | Global equity – all cap value         | 3.0%                   | 2.5%                  |
| Polaris Capital Management, LLC*                           | Global equity – all cap value         | 3.0%                   | 2.5%                  |
| Sustainable Growth Advisers, LP*                           | Global equity – large cap growth      | 3.0%                   | 0.0%                  |
| Wellington Management Company LLP*                         | Global equity – all cap growth        | 3.0%                   | 3.0%                  |
| AllianceBernstein L.P.*                                    | Emerging Markets                      | 3.0%                   | 3.0%                  |
| Sompo Japan NipponKoa Asset Management Co., Ltd.*          | Japan equity – large cap value        | 0.0%                   | 3.0%                  |
| Cohen & Steers Capital Management, Inc.†*                  | Global real estate securities         | 6.0%                   | 6.0%                  |
| Colonial First State Asset Management (Australia) Limited* | Global listed infrastructure          | 6.0%                   | 6.0%                  |
| Hermes Investment Management Limited                       | High yield debt                       | 4.0%                   | 7.0%                  |
| Oaktree Capital Management, L.P.                           | Convertibles                          | 6.0%                   | 6.0%                  |
| GLG LLC  | Emerging markets debt                 | 7.0%                   | 7.0%                  |
| T. Rowe Price Associates, Inc.                             | Global credit                         | 10.0%                  | 10.0%                 |
| Putnam Investment Management, LLC                          | Mortgages                             | 6.0%                   | 6.0%                  |
| THL Credit Advisors, LLC                                   | Bank loans                            | 4.0%                   | 7.0%                  |
| Russell Investment Management, LLC (RIM)**                 | Positioning strategies                | 25.0%                  | 19.0%                 |

† Cohen & Steers Capital Management, Inc. refers to Cohen & Steers Capital Management, Inc. (New York, NY), Cohen & Steers UK Limited (London, UK) and Cohen & Steers Asia Limited (Central Hong Kong).

\*Indicated managers are non-discretionary managers. RIM manages these portions of the Fund's assets based upon model portfolio provided by the managers.

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## Multi-Strategy Income Fund

The Russell Investments portfolio managers, Brian Meath and Rob Balkema, recently made changes in an effort to:

- Improve the excess return potential of the Fund.

To seek to do so, Russell Investments has terminated J O Hambro Capital Management Limited (J O Hambro) and hired Sompo Japan NipponKoa Asset Management Co., Ltd. (Sompo). J O Hambro was hired in 2016 to seek to take advantage of issues around Brexit. While J O Hambro remains positively viewed, Russell Investments is moving on to seek to capture other investment opportunities.

The hire of Sompo will provide the Fund with exposure to the Japan equity market—specifically within the value space.

### Terminated money manager: J O Hambro Capital Management Limited

- Originally introduced into the Fund in 2016
- Targeted number of holdings: 35-50

### New money manager: Sompo Japan NipponKoa Asset Management Co., Ltd.

#### Firm background:

- Firm headquarters is in Tokyo, Japan
- Lead manager is Eitaro Tanaka

#### The manager's intended role in the Fund:

- Sompo will provide the Fund with exposure to the Japan equity market—specifically within the value space.
- Targeted number of holdings: 20-40

#### Russell Investments' analysis of the manager:

- Russell Investments believes Sompo's valuation bias will help give the Fund access to an inefficient area of the market relative to other markets like U.S. large cap equity.
- Russell Investments has high conviction in Sompo's active management approach that looks to identify and capture price anomalies created by a market that often overreacts to short-term events.

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

Fund assets have been reallocated.

The percentages below represent the target allocation of the Funds' assets to each money managers' strategy and Russell Investment Management, LLC's ("RIM") strategy. This does not include liquidity reserves managed directly by RIM, which may constitute 5% or more of fund assets at any given time.

## Multi-Strategy Income Fund

| MANAGER   | ROLE                                  | PREVIOUS TARGET WEIGHT | CURRENT TARGET WEIGHT |
|---|---------------------------------------|------------------------|-----------------------|
| <b>Boston Partners Global Investors, Inc.*</b>                              | U.S. equity – small cap value         | 2.0%                   | 3.0%                  |
| <b>Cohen &amp; Steers Capital Management, Inc.†*</b>                        | Global real estate and infrastructure | 14.0%                  | 14.0%                 |
| <b>DDJ Capital Management, LLC</b>  | High yield debt                       | 8.0%                   | 8.0%                  |
| <b>GLG LLC</b>  | Emerging markets debt                 | 10.0%                  | 10.0%                 |
| <b>Janus Capital Management LLC and Perkins Investment Management, LLC*</b> | Global equity                         | 8.5%                   | 6.0%                  |

|  |                                |       |       |
|--|--------------------------------|-------|-------|
| <b>J O Hambro Capital Management Limited*</b>            | UK equity                      | 5.0%  | 0.0%  |
| <b>Kopernik Global Investors, LLC*</b>                   | Global equity                  | 3.0%  | 3.0%  |
| <b>OFI Global Institutional, Inc.*</b>                   | Global equity                  | 3.0%  | 5.0%  |
| <b>Oaktree Capital Management, L.P.</b>                  | Convertibles                   | 6.0%  | 6.0%  |
| <b>Putnam Investment Management, LLC</b>                 | Mortgages                      | 5.0%  | 6.0%  |
| <b>Sompo Japan NipponKoa Asset Management Co., Ltd.*</b> | Japan equity – large cap value | 0.0%  | 5.0%  |
| <b>THL Credit Advisors LLC</b>                           | Bank loans                     | 14.0% | 14.0% |
| <b>T. Rowe Price Associates, Inc.</b>                    | Global credit                  | 11.0% | 9.0%  |
| <b>Russell Investment Management, LLC (RIM)**</b>        | Positioning strategies         | 10.5% | 11.0% |

† Cohen & Steers Capital Management, Inc. refers to Cohen & Steers Capital Management, Inc. (New York, NY), Cohen & Steers UK Limited (London, UK) and Cohen & Steers Asia Limited (Central Hong Kong).

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## Global Opportunistic Credit Fund

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

- Improve the excess return potential of the Fund.
- Lower the aggregate credit risk in the Fund.

To seek to do so, Russell Investments has hired Voya Investment Management Co. LLC to provide exposure to the securitized credit sector—which Russell Investments views as an attractive segment market of the market going forward. In addition, the RIM positioning strategies allocation will be increased to add strategic exposure to investment grade corporate credit with a consistent bias toward a credit value factor that RIM believes may consistently add value over time.

### New money manager: Voya Investment Management Co. LLC

#### Firm background:

- Firm headquarters is in Scottsdale, AZ
- Lead manager is Dave Goodson

#### The manager's intended role in the Fund:

- Voya will provide exposure to the securitized credit sector. They will typically have exposure across commercial and residential mortgage-backed securities, consumer asset-backed securities and collateralized loan obligations.
- Targeted number of holdings: 200

#### Russell Investments' analysis of the manager:

- Unlike many other securitized credit managers, Russell Investments believes Voya has strong capabilities across nearly all market segments of the securitized credit markets.
- Voya will rotate among market segments to seek to generate excess return through relative value rotation.

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

Fund assets have been reallocated.

The percentages below represent the target allocation of the Funds' assets to each money managers' strategy and Russell Investment Management, LLC's ("RIM") strategy. This does not include liquidity reserves managed directly by RIM, which may constitute 5% or more of fund assets at any given time.

## Global Opportunistic Credit Fund

| MANAGER   | ROLE   | PREVIOUS TARGET WEIGHT | CURRENT TARGET WEIGHT |
|---|--|------------------------|-----------------------|
| <b>Axiom Alternative Investments SARL</b>         | European high yield bonds                                    | 6.0%                   | 3.0%                  |
| <b>Barings LLC*</b>                               | U.S. and European high yield bonds                           | 15.0%                  | 17.0%                 |
| <b>DDJ Capital Management, LLC</b>                | U.S. high yield bonds and bank loans                         | 12.0%                  | 13.0%                 |
| <b>DuPont Capital Management Corporation</b>      | Emerging market corporate debt and U.S. emerging market debt | 15.0%                  | 15.0%                 |
| <b>Lazard Asset Management LLC</b>                | Local emerging market sovereign debt                         | 14.0%                  | 7.0%                  |
| <b>THL Credit Advisors LLC</b>                    | Bank loans   | 11.0%                  | 5.0%                  |
| <b>Voya Investment Management Co. LLC</b>         | Securitized credit   | 0.0%                   | 10.0%                 |
| <b>Russell Investment Management, LLC (RIM)**</b> | Positioning strategies                                       | 27.0%                  | 30.0%                 |

\*Barings refers to Barings LLC and Barings Global Advisers Limited.

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**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 [russellinvestments.com](http://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.

Non-U.S. markets, which may include developed, emerging, and frontier markets, entail different risks than those typically associated with U.S. markets, including currency fluctuations, political and economic instability, accounting changes and foreign taxation. Non-U.S. securities may be less liquid and more volatile than U.S. securities. The risks associated with non-U.S. securities may be amplified for emerging markets securities. Because frontier markets are among the smallest, least developed, least liquid, and most volatile of the emerging markets, investments in frontier markets are generally subject to a greater risk of loss than investments in developed or traditional emerging markets.

Exposure to the commodities markets may subject the Commodity Strategies Fund to greater volatility than investments in traditional securities, particularly if the investments involve leverage. The value of commodity-linked derivative instruments may be affected by changes in overall market movements, commodity index volatility, changes in interest rates or sectors affecting a particular industry or commodity and international economic, political and regulatory developments. The use of leveraged commodity-linked derivatives creates an opportunity for increased return, but also creates the possibility for a greater loss.

The Commodity Strategies Fund may invest in derivatives, including futures, options, forwards and swaps. Investments in derivatives may cause the Fund's losses to be greater than if it invests only in conventional securities and can cause the Fund to be more volatile. Derivatives involve risks different from, or possibly greater than, the risks associated with other investments. The Fund's use of derivatives may cause the Fund's investment returns to be impacted by the performance of securities the Fund does not own and result in the Fund's total investment exposure exceeding the value of its portfolio.

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.

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