Manager Change

The value of active management

Effective October 16, 2014, manager changes will be implemented for two Russell Investment Company Funds

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 Portfolio Managers.

Changes effective October 16, 2014

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

- Russell Strategic Bond Fund
- Russell Short Duration 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.

Background to the following changes:

PIMCO founder and CIO Bill Gross announced on September 26, 2014 that he would be leaving immediately to join Janus Capital. This news came after a closely followed leadership controversy that has captured the attention of the investment industry. Leadership changes at PIMCO were anticipated, but Gross' announcement came more abruptly than the market expected.

When a key figure leaves an investment management firm, it is part of Russell's typical manager research process to evaluate several factors, such as:

- The impact of the resignation
- Potential outflows and retention issues
- Availability of alternate options

Based on these factors and an increased risk in the stability of the excess returns, the funds' portfolio managers concluded that replacing PIMCO at this time is appropriate for these two funds. Gross was the firm's founder and leading voice on U.S. macro positioning, which Russell has always considered to be PIMCO's greatest strength relative to competitors. While Russell believes that PIMCO has the depth of investment professionals capable of stepping into his role, Russell believes there is a modest decline in the quality of U.S. macro idea generation and consistency of implementation going forward. Russell also believes there is the risk that significant initial retail outflows are only the beginning of more significant redemptions from PIMCO in the coming months. This creates a short-term headwind to performance, but more importantly, the remaining key portfolio managers will spend much of their time on client servicing to retain assets rather than having a full focus on managing portfolios. Additionally, Russell believes there is a risk of staff moving to Janus. Finally, and perhaps most importantly, is the consideration of other available money manager products and investment options. We have conviction, in many cases, that there are other high confidence manager products covered by our extensive manager research that offer more compelling fixed income capabilities. However, we take into account other factors, including timing, implementation and regulatory requirements, in making portfolio decisions. Based on these factors, Russell has decided to replace PIMCO with an option that Russell believes is more attractive for these funds.

RUSSELL STRATEGIC BOND FUND

New Money Manager: Scout Investments, Inc.

Firm background:

- Scout Investments, Inc., (Scout) a global asset manager headquartered in Kansas City, MO, manages equity and fixed income investment strategies for institutions and individual investors. Scout is the investment subsidiary of UMB Financial Corporation. Scout's fixed income strategies are managed by Reams Asset Management (Reams), a division of Scout based in Columbus, IN, which was acquired by Scout in 2010.
- Headquarters is in Kansas City, MO. The fixed income team is based in Columbus, IN.
- Lead manager is Mark Egan

The manager's intended role in the Fund:

- Scout fills a strong sector rotator role in the fund as well as providing more tactical duration input.
- Targeted number of holdings: 75-150

Russell's analysis of the manager:

- Russell has researched this firm's fixed income capabilities since 1998
- Scout takes a top-down, macro-economic approach to investing in the fixed income market. The firm's investment strategy seeks to maximize total return, minimize risk, and preserve capital utilizing all sectors of the fixed income market. The firm is willing to take large U.S. interest rate positions relative to the fund's benchmark, and is able to actively sector rotate in an aggressive fashion. It is willing to be aggressive on both sides of the market cycle, a trait that Russell rarely finds in a fixed income manager. Scout is a small and nimble firm, which Russell believes contributes to its ability to execute this strategy effectively. The firm's defensive approach to underlying security selection also leads to a bias toward running a more liquid portfolio, allowing the firm to actively move investments around according to their macro views even in stressed market environments.
- Russell expects Scout to perform well when its macro view is correct in anticipating market turns.
- Scout is expected to face the strongest headwinds just before the turn of a cycle when they've moved early in anticipation of the market cycle.

Terminated Money Manager: Pacific Investment Management Company LLC

- Originally introduced into the fund in 1994
- PIMCO focused on mortgage-backed securities, duration and yield curve positioning, sector rotation, emerging market debt, and currency.
- Targeted number of holdings: 500-800

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 will be reallocated.

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

Russell Strategic Bond Fund			
Manager	Role	Previous target weight	Current Target weight
Brookfield Investment Management Inc.	Specialist	5%	5%
Colchester Global Investors, Ltd.	Specialist	6%	6%
Logan Circle Partners, L.P.	Generalist	18%	22%
Macro Currency Group	Specialist	9%	9%
Metropolitan West Asset Management, LLC	Generalist	18%	17%
Pacific Investment Management Company LLC	Generalist	18%	0%
Wellington Management Company, LLP	Generalist	18%	18%
Scout Investments, Inc.	Generalist	0%	15%
Russell Investment Management Co.*	Generalist	8%	8%

*Russell manages this portion of the fund's assets to effect the fund's investment strategies and/or to modify the fund's overall portfolio characteristics to seek to achieve the desired risk/return profile for the fund.

RUSSELL SHORT DURATION BOND FUND

New Money Manager: Scout Investments, Inc.

Firm background:

- Scout Investments, Inc., (Scout) a global asset manager headquartered in Kansas City, MO, manages equity and fixed income investment strategies for institutions and individual investors. Scout is the investment subsidiary of UMB Financial Corporation. Scout's fixed income strategies are managed by Reams Asset Management (Reams), a division of Scout based in Columbus, IN, which was acquired by Scout in 2010.
- Headquarters is in Kansas City, MO. The fixed income team is based in Columbus, IN.
- Lead manager is Mark Egan

The manager's intended role in the Fund:

- Scout fills a strong sector rotator role in the fund as well as providing more tactical duration input.
- Targeted number of holdings: 75-150

Russell's analysis of the manager:

- Russell has researched this firm's fixed income capabilities since 1998
- Scout takes a top-down, macro-economic approach to investing in the fixed income market. The firm's investment strategy seeks to maximize total return, minimize risk, and preserve capital utilizing all sectors of the fixed income market. The firm is able to actively sector rotate in an aggressive fashion and may use duration and yield curve tilting strategies but less aggressively than they would in their longer duration strategies given a greater focus on downside risks in their low duration strategies. It is willing to be aggressive on both sides of the market cycle, a trait that Russell rarely finds in a fixed income manager. Scout is a small and nimble firm, which Russell believes contributes to its ability to execute this strategy effectively. The firm's defensive approach to underlying security selection also leads to a bias toward running a more liquid portfolio, allowing the firm to actively move investments around according to their macro views even in stressed market environments.
- Russell expects Scout to perform well when its macro view is correct in anticipating market turns.
- Scout is expected to face the strongest headwinds just before the turn of a cycle when they've moved early in anticipation of the market cycle.

Terminated Money Manager: Pacific Investment Management Company LLC

- Originally introduced into the fund in 1994
- PIMCO focused on mortgage-backed securities, duration and yield curve positioning, sector rotation, emerging market debt, and currency.
- Targeted number of holdings: 500-800

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 will be reallocated.

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

Russell Short Duration Bond Fund			
Manager	Role	Previous target weight	Current Target weight
Logan Circle Partners, L.P.	Generalist	45%	45%
Pacific Investment Management Company, LLC	Generalist	30%	0%
THL Credit Advisors LLC	Specialist	10%	10%
Scout Investments, Inc.	Generalist	0%	25%
Russell Investment Management Co.*	Specialist	15%	20%

*Russell manages this portion of the fund's assets to effect the fund's investment strategies and/or to modify the fund's overall portfolio characteristics 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 of visiting www.russell.com. Please read a prospectus carefully before investing.

Mutual fund investing involves risk. Principal loss is possible.

Diversification and strategic asset allocation do not assure profit or protect against loss in declining markets.

Money managers listed are current as of 10/16/2014. Subject to the fund's Board approval, Russell has the right to engage or terminate a money manager at any time and without a shareholder vote, based on an exemptive order from the Securities and Exchange Commission. Investments in the Funds are not deposits with or other liabilities of any of the money managers and are subject to investment risk, including loss of income and principal invested and possible delays in payment of redemption proceeds. The money managers do not guarantee the performance of any Fund or any particular rate of return.

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.

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.

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