COMMODITY STRATEGIES FUND

Money Manager and Russell Investments Overview

Russell Investments

September 2018

Russell Investments' approach

Russell Investments uses a multi-asset approach to investing, combining asset allocation, manager selection and dynamic portfolio management in its investment portfolios. Using this approach as a framework for mutual fund construction, we research, monitor, hire and terminate (subject to Fund Board approval) money managers from around the world and strategically allocate fund assets to them. We oversee all investment advisory services to the funds and manages assets not allocated to money managers.

The Fund

Investing in commodities through a mutual fund requires special skills and unique structures, and the universe of money managers able to do this is small. The Commodity Strategies Fund combines two managers with extensive experience in commodities with strategies managed by Russell Investments in an effort to further diversify the Fund.

While the money managers and Russell Investments all take an active investment management approach, they use different processes and employ a diverse set of trading strategies, the combination of which could help manage the risk and volatility generally associated with commodities markets. Assets managed directly by Russell Investments allow the portfolio manager to incorporate additional diversifying investment strategies into the Fund.

Given the limited number of commodities managers and the challenges of managing a commodities strategy in a registered fund structure, Russell Investments' multi-manager construct is uniquely positioned. Due to Russell Investments' knowledge of commodity markets and money managers, their investment strategies, and their ability to potentially deliver excess return, Russell Investments intends the Fund to be able to move into new strategies and managers as they become available and as deemed appropriate for the Fund.

Despite the volatility of the commodities asset class, Russell Investments believes that advisors should consider a strategic allocation to commodities in the context of their clients' long-term investment portfolios, especially when considered as a small part of a well-diversified portfolio. Russell Investments believes that the Commodity Strategies Fund offers further diversification benefits. The Fund's index is the Bloomberg Commodity Index Total Return, which is a broadly diversified futures index comprised of futures contracts on 22 physical commodities.

Russell Investments portfolio managers

Mark Raskopf is a portfolio manager on the Alternatives Team at Russell Investments. In addition to his portfolio management responsibilities, he heads coverage of tactical trading strategies including discretionary and quantitative macro, managed futures, currencies, commodities and energy. Mark joined Russell Investments in 2011 and has 22 years of experience in research and portfolio management across a wide range of alternative investment strategies.

Victor Leverett is managing director of alternative investments for Russell Investments. Vic manages Russell Investments' hedge funds, listed real assets and private markets teams to help ensure the investment integrity of portfolios. In addition, he oversees manager research, and coordinates the product strategy of alternative investments globally.

The portfolio managers' role

The portfolio managers are responsible for identifying and selecting the strategies and money managers included in the Fund and determining the weight for each assignment. The portfolio managers manage the Fund on a daily basis to help keep it on track, constantly monitoring risk and return expectations at the total fund level and making changes when deemed appropriate and/or necessary. Multiple resources from across the firm are used to help determine what is believed to be the best combination of managers and strategies. Manager research and capital markets research are just some of the tools at the portfolio managers' disposal to help identify opportunities and manage risk.

Target allocation of fund assets

The percentages below represent the target allocation of the Fund's assets to each money manager's 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.

23%	Mellon Capital Management Corporation
38%	Pacific Investment Management Company LLC
39%	Russell Investment Management, LLC (RIM)*

*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.

Commodity Strategies Fund

Managers and Strategies Summary

September 2018

NAME	ALLOCATION	INVESTMENT FOCUS	ROLE IN THE FUND
Mellon Capital	23%	Invests in commodity-linked derivatives backed by a portfolio of short-term investment-grade fixed income securities.	Mellon Capital brings a systematic, multi-factor investment strategy to the Fund that is constructed of long and short commodity futures positions. Mellon Capital's active approach is based on microeconomic foundations, leveraging market inefficiencies resulting from inventory imbalances and varying motivations of market participants.
PIMCO	38%	Invests in commodity-linked derivatives backed by a portfolio of short-term investment-grade fixed income securities.	Further potential diversification is provided to the Fund through PIMCO's use of relative value trades as well as through the use of quantitative, commodity risk premium strategies that include storage cost, skew, carry, dynamic carry and seasonality. In addition, PIMCO provides additional potential diversification by including long/short commodity volatility trades.
Russell Investment Management, LLC (RIM)	39%	Utilizes two direct investing strategies, a swap transaction with Cargill, Incorporated, and a backwardation positioning strategy.	RIM oversees all investment advisory services to the Fund and manages assets not allocated to money managers. This includes the Fund's positioning strategy, which helps the Fund to achieve its desired risk/return profile. RIM also manages the Fund's liquidity reserves, which may constitute 5% or more of fund assets at any given time (not included in the percentage on the left).

September 2018

Mellon Capital Management Corporation

Firm background

Mellon Capital Management Corporation was founded in 1983 and has a fundamentals-based systematic approach to investing that includes multi-asset, active, smart beta, and indexing strategies.

Headquarters: San Francisco, CA

Founded: 1983

Lead managers: Suzanne Ly, James Stavena, Vassilis Dagioglu

Asset class: Commodities

Investment focus: Commodity-linked derivatives backed by a portfolio of short-term investment grade fixed income securities

Number of holdings: Mellon Capital's primary universe will consist of the commodities held in the Bloomberg Commodity Index Total Return in addition to collateral consisting of short duration bonds and cash. They can also take positions in out-of-benchmark commodities.

Manager profile

Mellon Capital Management Corporation (Mellon Capital) was added to the Commodity Strategies Fund in 2017. The strategy is led by Suzanne Ly, James Stavena and Vassilis Dagioglu.

What this manager brings to the Fund

Mellon Capital brings a systematic, multi-factor investment strategy to the Fund and will take long and short commodity futures positions. The strategy is expected to complement the Fund's existing strategies through its unique and diversifying security selection and portfolio construction strategies.

Investment process

Mellon Capital's core security selection models include: 1) a commodity inventory model which generates a positive score for a commodity with inventory shortage and a negative score for a commodity with inventory surplus; 2) a term structure model which generates a positive score for deferred commodity contracts whose term structure is in backwardation and a negative score for deferred commodity contracts whose term structure is in contango; and 3) a commercial hedging model and set of momentum signals which generates a positive score for commodities that have positive price momentum and vice versa. Their portfolio construction process utilizes an intuitive optimization process to construct portfolios that seek to maximize expected return without exceeding specified risk parameters.

Russell Investments' manager analysis

Russell Investments believes Mellon Capital takes a thoughtful quantitative approach to more benchmark-agnostic investing across the commodity complex. The model set is straightforward and intuitive, combining trend-following models with simple term-structure and fundamental data-driven models.

Russell Investments expects that Mellon Capital will do well relative to the benchmark when commodity prices fluctuate in-line with market fundamentals and in response to factors that the manager targets as return drivers. It's expected that Mellon Capital will likely underperform during periods of extended disconnect between the factors they seek to exploit and price action in the market.

Pacific Investment Management Company LLC

Firm background

Pacific Investment Management Company LLC was founded in 1971 as a subsidiary of Pacific Life Insurance Company. In 2000, PIMCO was acquired by Allianz SE.

Headquarters: Newport Beach, CA

Founded: 1971

Lead managers: Andrew Dewitt, Nic Johnson and Greg Sharenow

PIMCO

Asset class: Commodities

Investment focus: Commodity-linked derivatives backed by a portfolio of short-term investment grade fixed income securities

Number of holdings: PIMCO is expected to remain fully exposed to the commodities held in the Bloomberg Commodity Index Total Return through the purchase of a swap in addition to collateral consisting of short duration bonds and cash. PIMCO's portfolio managers also employ 25-30 active themes in the commodity portfolio (largely relative value strategies) and roughly 10 themes in a constrained collateral portfolio.

Manager profile

Pacific Investment Management Company LLC was added to the Commodity Strategies Fund in December 2017. The strategy is led by Andrew Dewitt, Nic Johnson and Greg Sharenow.

What this manager brings to the Fund

Further potential diversification is provided to the Fund through PIMCO's use of relative value trades as well as through the use of quantitative, commodity risk premium strategies that include storage cost, skew, carry, dynamic carry and seasonality. In addition, PIMCO provides additional potential diversification by including long/short commodity volatility trades.

Investment process

The PIMCO team employs strong analytics in an effort to identify trading opportunities across the commodity sub-sectors. Instead of relying on overweight or underweight trades relative to benchmark weights, PIMCO primarily allocates risk to a diverse set of relative-value trades that includes commodity time spreads (calendar trades), location arbitrage (long an undervalued commodity traded in one location vs. short a richly valued substitute that trades in another location), or quality arbitrage (long and short commodities based on a relative mispricing after considering commodity-specific attributes such as protein content).

Russell Investments' manager analysis

Russell Investments believes that PIMCO's focus on investing in a diverse portfolio of relative value commodities strategies is a strong diversifier to strategies that primarily focus on directional trading (overweight and underweight). PIMCO utilizes a swap on the Bloomberg Commodity Index Total Return to establish commodity beta, and then employs calendar spreads and other relative value strategies in an effort to outperform the benchmark. Additionally, PIMCO utilizes commodity volatility strategies as well as a basket of quantitative commodity risk-premia strategies in order to help increase internal strategy diversification.

Russell Investments expects that PIMCO will do well relative to the benchmark when there is sufficient movement in the commodity futures curves to provide trading opportunities, and when there are mispricings across instruments linked to commodity volatility. When there is little volatility across commodity futures curves and few mispricing across commodity volatility products we would expect the strategy to struggle.

Russell Investment Management, LLC

Firm background

Russell Investment Management, LLC is the advisor to Russell Investment Company (RIC) Funds. Russell Investments' ownership is composed of a majority stake held by funds managed by TA Associates with minority stakes held by funds managed by Reverence Capital Partners and Russell Investments' management. Russell Investments provides asset management and investment services to institutional and individual investors around the world.

Headquarters: Seattle, WA

Founded: Russell Investments, founded in 1936

Lead managers: Mark Raskopf and Victor Leverett

Asset class: Commodities

Russell Investment Management, LLC (RIM) oversees all investment advisory services to the Fund and manages assets not allocated to managers.

Manager and strategy oversight

The portfolio manager and analysts track the effectiveness of every money manager and strategy in the Fund. Occasionally, adjustments may be necessary due to reasons such as a change in control at a money manager, the opportunity to select another manager or strategy Russell Investments believes offers an investment proposition that would help improve the Fund, or changes in market dynamics.

While the portfolio manager makes the decisions about the Fund's money manager and strategy line-up, any changes must be validated through an internal Russell Investments governance process to ensure all key considerations were addressed by the portfolio manager. Money manager changes are also subject to approval by the Fund's Board of Trustees.

Investment management

RIM manages a portion of the Fund's assets internally to seek to precisely manage the Fund's exposures and achieve the desired risk/return profile for the Fund. Russell Investments believes that combining these strategies with the money manager positioning may allow for better outcomes than could be achieved by money managers alone.

RIM manages a 39% allocation of this Fund. For 25% of this, the Fund (through its wholly-owned subsidiary) has engaged in certain swap[1] transactions with Cargill, Incorporated through its Cargill Risk Management Business Unit. Cargill, a privately held company, is an international producer and marketer of food, agricultural, financial and industrial products and services. This investment strategy is an active, long-biased managed futures strategy using contract selection, commodity over/underweights, and out-of-benchmark positions to strive to add value vs. the benchmark. The return of the swap is derived from the return on a basket of commodities futures contracts that was developed by Cargill, using its insights into the commodities markets. Russell Investments believes that Cargill's trading insight is unique and has the potential to be consistently successful.

For the remaining 14% of the portion managed internally, RIM utilizes an internally developed backwardation positioning strategy. This strategy follows a rules-based quantitative approach that selects and assigns weights to individual commodities using a methodology that is designed to evaluate commodities' forward-looking return prospects. The commodities included in the investable universe consist of the contracts included in the Bloomberg Commodity Index Total Return, the Fund's benchmark. The portfolio construction process assigns position weights that are based on commodities' relative attractiveness as well as pre-determined commodity and sector minimum/maximum weighting bands. The strategy is implemented via a total return swap, the returns of which are based upon the performance of a basket of individual Bloomberg Commodity sub-indexes.

Managing the liquidity reserve

Every Russell Investments mutual fund maintains cash reserves, which is cash awaiting investment or held to meet redemption requests or to pay expenses. The Fund invests cash reserves in short-term investments, including an unregistered cash management fund advised by Russell Investments.

[1] Swap: an agreement between two parties to exchange sequences of cash flows for a set period of time. Usually, at the time the contract is initiated, at least one of these series of cash flows is determined by a random or uncertain variable, such as an interest rate, foreign exchange rate, equity price or commodity price.

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 by visiting russellinvestments.com. Please read a prospectus carefully before investing.

Money managers listed are current as of September 19, 2018. Subject to the Fund's Board approval, Russell Investments 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.

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.

Exposure to the commodities markets may subject the 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 Fund invests directly, or indirectly through a wholly-owned subsidiary, in commodity-linked securities that provide exposure to the performance of the collateralized commodity futures market, and in other debt instruments.

The 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.

The Fund or the Subsidiary may enter into swap agreements. Certain swaps may be subject to fees and expenses and by investing in such swaps indirectly through the Fund, a shareholder will bear the expenses of the swap in addition to the expenses of the Fund.

The Fund may also invest in foreign securities, which may be more volatile than investments in U.S. securities and will be subject to fluctuation and sudden economic and political developments. The Fund may also invest in non-investment grade fixed-income securities, which involve higher volatility and higher risk of default than investment grade bonds.

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

Please remember that all investments carry some level of risk, including the potential loss of principal invested. They do not typically grow at an even rate of return and may experience negative growth.

As with any type of portfolio structuring, attempting to reduce risk and increase return could, at certain times, unintentionally reduce returns.

For more information on Russell Investment Company Funds, contact your investment professional or plan administrator for assistance.

Russell Investments’ ownership is composed of a majority stake held by funds managed by TA Associates with minority stakes held by funds managed by Reverence Capital Partners and Russell Investments’ management.

Securities products and services offered through Russell Investments Financial Services, LLC member FINRA, part of Russell Investments.

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