

# GLOBAL INFRASTRUCTURE FUND

Money Manager and Russell Investments Overview



September 2019

## Russell Investments' approach

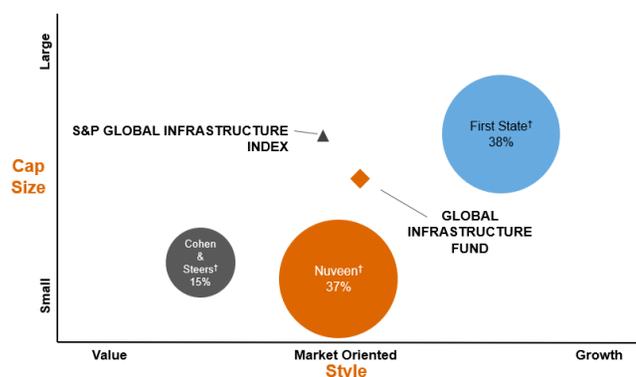
Russell Investments uses a multi-asset approach to investing, combining asset allocation, manager selection and dynamic portfolio management in its investment portfolios. Using this approach as a framework for mutual fund construction, we research, monitor, hire and terminate (subject to Fund Board approval)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

## The Fund

Russell Investments brings together multiple managers for this Fund with significant experience in infrastructure investing. These managers have investment processes that are intended to be complementary and a global mandate to invest in what they believe to be the best opportunities no matter where in the world they are located. In addition to the managers' strategies, Russell Investments manages a portion of the Fund's assets internally to seek to further enhance and diversify the Fund's investment strategies.

This Fund invests in securities issued by companies that are engaged in the infrastructure business (infrastructure refers to the systems and networks of energy, transportation, communication and other services required for the normal function of society). The Fund is intended to provide investors with an additional means of diversification, the potential for long-term total return, and a possible hedge against inflation. The money managers of the Global Infrastructure Fund tend to be biased toward companies with true infrastructure characteristics—e.g. steady cash flows, monopolistic positions (for example, an airport)—and tend to avoid companies that are indirectly related to infrastructure (for example, a supplier of cleaning services at the airport). The Fund's benchmark is the S&P Global Infrastructure Index Net (USD).

## Fund mosaic (As of September 2019)



This mosaic depicts, at a specific point in time, the approximate relative weighting of the managers and strategies within the Fund plotted on the basis of cap size and style against fund benchmark (▲). Positions on this mosaic change over time as allocations and holdings change. The circle size represents the relative size of each allocation in the Fund.

## Russell Investments portfolio manager

Patrick Nikodem is a Portfolio Manager at Russell Investments. He is responsible for managing Russell Investments' real assets funds including real estate and infrastructure for institutional and private investors in the U.S. and internationally. Patrick holds a BS in Economics and a BA in International Studies and German. Patrick joined Russell Investments in 2008.

## The portfolio manager's role

The Russell Investments' Portfolio Manager is responsible for identifying and selecting the strategies and money managers included in the Fund and determining the weight for each assignment. The Portfolio Manager manages 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 Manager's 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.

FIRM NAME	TARGET ALLOCATION
Cohen & Steers Capital Management, Inc.*†	15%
Colonial First State Asset Management (Australia) Limited†	38%
Nuveen Asset Management, LLC†	37%
Russell Investment Management, LLC (RIM)**	10%

\*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 portfolios 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 to seek to achieve the desired risk/return profile for the Fund.

# Global Infrastructure Fund

## Managers and Strategies Summary

September 2019

NAME	ALLOCATION	INVESTMENT FOCUS	ROLE	DETAILS OF ROLE IN THE FUND
	15%	Uses bottom-up and top-down components designed to integrate company, sector and macro-level analysis.	Global market-oriented	Cohen & Steers' strategy is broadly diversified across infrastructure sub-sectors such as utilities, toll-roads, airports, sea ports, rail, and communications in each of the major global regions. The team has particularly strong experience within the utilities and energy space.
 <small>Global Asset Management</small>	38%	Has a fundamental, bottom-up orientation. The firm uses a slight GARP (growth at a reasonable price) approach relative to other managers in the Fund and manages a more concentrated portfolio than other managers.	Global market-oriented	First State's strategy emphasizes bottom-up security selection, and the portfolio strikes a balance between concentration and exposure to the full range of infrastructure categories.
	37%	Uses a bottom up approach and features a focus on companies that own or operate tangible, long-lived assets offering steady, predictable cash flows with minimal ongoing capital expenditures.	Global market-oriented	Nuveen's process seeks to uncover relative value opportunities across the full range of infrastructure sub-sectors. In addition to traditional sectors in the index, Nuveen also invests in areas such as public transportation, renewable energy, and environmental services.
Russell Investment Management, LLC ("RIM")	10%	The active positioning strategy in this Fund allows the Russell Investments Portfolio Manager to express views across multiple factors and risk exposures simultaneously while regularly adapting to changing markets and manager allocations. The strategy is used to target desired total portfolio positioning and can be adjusted as needed by the Portfolio Manager.	Positioning strategies	RIM oversees all investment advisory services to the Fund and manages assets not allocated to money managers. This includes the Fund's positioning strategies, which help 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 cited on the left).

# Cohen & Steers Capital Management, Inc.

## Firm background

Cohen & Steers Capital Management, Inc. serves institutional and individual clients around the world through a broad range of strategies and vehicles. The strategies include global and regional real estate securities, global listed infrastructure, preferred securities and large cap value portfolios.

**Headquarters:** New York, NY

**Founded:** 1986

**Lead manager:** Ben Morton



**Asset class:** Global listed infrastructure

**Number of holdings:** 50-85

**Manager strategy:** The Cohen & Steers investment process features bottom-up and top-down components designed to integrate company, sector, and macro-level analysis. The objective of the strategy is to provide income generation, total returns, low volatility and low correlations to broader equities. The team seeks to meet this objective by investing in companies that own long-lived assets that have monopolistic characteristics.

\*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).

## Manager profile

Founded by Martin Cohen and Robert Steers, Cohen & Steers Capital Management, Inc.\* (Cohen & Steers) was added to the Global Infrastructure Fund at the Fund's launch in 2010 and is a non-discretionary manager in the Fund. The infrastructure team started as a utilities-focused team and has managed a global infrastructure strategy since 2008. Ben Morton is the portfolio manager of the mandate for this Fund.

## What this manager brings to the Fund

Cohen & Steers' strategy covers utilities and non-utilities sectors such as toll roads, airports, sea ports, rail, and communications in each of the major global regions. The objective of the strategy is to provide income generation, total return, low volatility and low correlations to broader equities.

## Investment process

Cohen & Steers uses a balance of top-down sector research and bottom-up company specific analysis to construct this global listed infrastructure portfolio for the Fund. The firm's research process places particular emphasis on sectors and companies that exhibit key infrastructure characteristics such as stable cash flows, largely regulated and monopolistic businesses, and high barriers to entry. The security selection process is highly rigorous, featuring models customized to the factors that are most appropriate for each of the individual sub-sectors.

Risk management consists of portfolio weighting constraints, proprietary fundamental research, statistical valuation models, and adhering to a strong sell discipline.

Country allocations are predominantly an output of the sector and stock selection process. The resulting portfolio is diversified across North America, Europe and the Asia Pacific region. The firm generally will not invest more than 10% of the portfolio in emerging markets.

## Russell Investments' manager analysis

The firm's investment process features a blend of robust security selection and risk management.

The firm employs a dedicated, experienced investment team to cover the universe of infrastructure securities.

Cohen & Steers is expected to do well in most market environments. Periods when net asset value and cash flow for infrastructure assets in general are not key drivers of share prices are expected to be difficult for the manager.

# Colonial First State Asset Management (Australia) Limited

## Firm background

Colonial First State Asset Management (Australia) Limited (aka First State Investments) is a wholly owned subsidiary of the Commonwealth Bank of Australia.

**Headquarters:** Sydney, Australia

**Founded:** 1988. Parent company, Commonwealth Bank of Australia, traces its history to 1871.

**Lead managers:** Peter Meany and Andrew Greenup



Global Asset Management

**Asset class:** Global listed infrastructure

**Number of holdings:** 30-70

**Manager strategy:** The First State listed infrastructure strategy invests in opportunities across a wide range of sectors and geographies. The strategy includes pure-play infrastructure sectors such as toll roads, airports, ports, energy, rail, communications and utilities.

## Manager profile

Colonial First State Asset Management (Australia) Limited (aka First State Investments) was added to the Global Infrastructure Fund in 2012 and is a non-discretionary manager in the Fund. The firm's infrastructure team was established in January 2007 with Peter Meany as Head of Global Listed Infrastructure. Andrew Greenup joined as Portfolio Manager in April 2007.

## What this manager brings to the Fund

Russell Investments believes the chief competitive advantage for First State Investments' strategy is the quality of the security selection process.

## Investment process

First State Investments is a "pure-play" infrastructure manager with a slight GARP (growth at a reasonable price) approach, relative to other managers in the Fund. "Pure-play" refers to the firm's preference for stocks that fit a strict definition of infrastructure. These companies will tend to generate steady cash flows derived from long-lived assets with a high degree of regulation or monopolistic positioning. The firm has a fundamental, bottom-up orientation.

The process overlays a fundamental relative value philosophy with an extensive qualitative risk evaluation component, seeking to generate a portfolio of high-quality companies with attractive growth prospects. The process is founded primarily on bottom-up, fundamental company research.

## Russell Investments' manager analysis

The firm's investment team has six dedicated professionals. Co-portfolio managers Peter Meany and Andrew Greenup have over 35 years combined industry experience, and the team's average investment experience is more than 10 years. The team has complementary backgrounds, including consulting, direct property and infrastructure, actuarial, regulatory, and global equities, in addition to buy and sell-side infrastructure securities.

While the strategy has performed well in different market environments due to a balanced process featuring quality, value, and growth considerations, Russell Investments believes it will fare best in periods in which regulated utilities and transportation companies outperform mega-cap diversified utilities and higher-beta energy companies.

Russell Investments believes First State Investments' strategy may underperform in environments where value leads growth.

# Nuveen Asset Management, LLC

## Firm background

Nuveen Asset Management, LLC was combined with FAF Advisors, Inc. on December 31, 2010. Nuveen Asset Management, historically a leader in municipal bond investing, now offers an array of investment strategies including taxable fixed income, traditional equities, asset allocation and specialized equities. In total, Nuveen Asset Management manages more than \$100 billion for institutional, high-net-worth and affluent investors.

**Headquarters:** Chicago, IL

**Founded:** 1999

**Lead manager:** Jay Rosenberg



**Asset class:** Global listed infrastructure

**Number of holdings:** 100-155

**Manager strategy:** The Nuveen listed infrastructure strategy features a focus on companies that own or operate tangible, long-lived assets offering steady, predictable cash flows with minimal ongoing capital expenditures. Nuveen's investment universe is considerably broader than that represented by any of the infrastructure indexes, including the S&P Global Infrastructure Index.

## Manager profile

Nuveen Asset Management, LLC (Nuveen) (formerly FAF Advisors, Inc.) was added to the Global Infrastructure Fund at the Fund's launch in 2010. Nuveen has been managing real asset portfolios since 1992 and listed infrastructure portfolios since 2007.

## What this manager brings to the Fund

This manager's strategy focuses on companies that build or own and operate tangible assets that offer steady, predictable cash flows with limited ongoing capital expenditures. In addition to traditional sectors in the index, Nuveen also invests in areas such as public transportation, renewable energy, and environmental services that are not included in the benchmark.

## Investment process

Nuveen uses a bottom up approach to construct this global listed infrastructure portfolio for the Fund. Nuveen's investment universe is broader than the S&P Infrastructure benchmark. The firm's research process places particular emphasis on companies with strong fundamentals such as consistent cash flows, growth and a sound balance sheet.

The portfolio is global in nature and will tend to have exposure to roughly 30 countries. In order to be eligible for investment, countries must exhibit government stability, currency stability, relatively stable and regulated investment opportunities, in addition to a stock exchange that is conducive to liquid trading and with satisfactory oversight.

## Russell Investments' manager analysis

Jay Rosenberg is a seasoned and skilled manager with an impressive knowledge of the investment universe for the strategy. He has a thorough grasp of the market and is an insightful stock picker with direct responsibility for coverage of several infrastructure sectors.

Nuveen employs a dedicated, experienced infrastructure investment team with considerable breadth and depth. While Russell Investments expects the manager to do well in most market environments, its portfolio will perform better in periods during which highly regulated utilities and pipelines outperform. It will also fare better in environments favoring smaller capitalization size. Markets in which high beta sectors significantly outperform the index will be challenging.

# Russell Investment Management, LLC

## Firm background

Russell Investment Management, LLC (RIM) 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

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**Role:** Global listed infrastructure

**Number of holdings:** Variable

RIM oversees all investment advisory services to the fund and manages assets not allocated to managers.

## Manager and strategy oversight

The Russell Investments' Portfolio Manager has ultimate responsibility for ensuring fund outcomes are consistent with fund objectives. 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 the Portfolio Manager believes offers an investment proposition that would help improve the Fund, or changes in market dynamics. Any significant fund changes must be validated through an internal 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. During the portfolio construction and management process, the portfolio manager may identify an investment need and seek to address that need with a positioning strategy.

Positioning strategies are customized portfolios directly managed by RIM for use within the total portfolio. Portfolio managers use positioning strategies to seek excess return and manage portfolio risks by targeting specific exposures. These strategies are used in conjunction with allocations to third-party active managers to fully reflect Russell Investments' strategic and dynamic insights with integrated liquidity and risk management.

The positioning strategy used in this Fund is a dedicated portion of the Fund assets that can be rebalanced as needed by the portfolio manager to keep the total portfolio aligned with Russell Investments' strategic beliefs (e.g. value, momentum, quality and volatility) as well as the Fund's preferred positioning. This allows the portfolio manager to express Russell Investments' views across multiple factor, industry and country exposures while regularly adapting to changing markets and manager portfolios.

## Managing the liquidity reserve

Every Russell Investment Company mutual fund maintains cash reserves, which is cash awaiting investment or held to meet redemption requests or to pay expenses. This Fund typically exposes all or a portion of its cash to the performance of broad global equity markets by purchasing equity securities and/or derivatives (also known as "equitization"), which typically include index futures contracts. The Fund invests any remaining cash in an unregistered cash management fund advised by RIM.

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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 by visiting [russellinvestments.com](http://russellinvestments.com). Please read a prospectus carefully before investing.**

Money managers listed are current as of September 11, 2019. 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.

This document will be updated annually. If a manager change is made during a year, a manager specific page will be added or removed.

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.

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.

Investments in infrastructure-related companies have greater exposure to the potential adverse economic, regulatory, political and other changes affecting such entities. Investment in infrastructure related companies are subject to various risks including governmental regulations, high interest costs associated with capital construction programs, costs associated with compliance and changes in environmental regulation, economic slowdown and surplus capacity, competition from other providers of services and other factors. 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.

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.

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