

# GLOBAL REAL ESTATE SECURITIES 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.

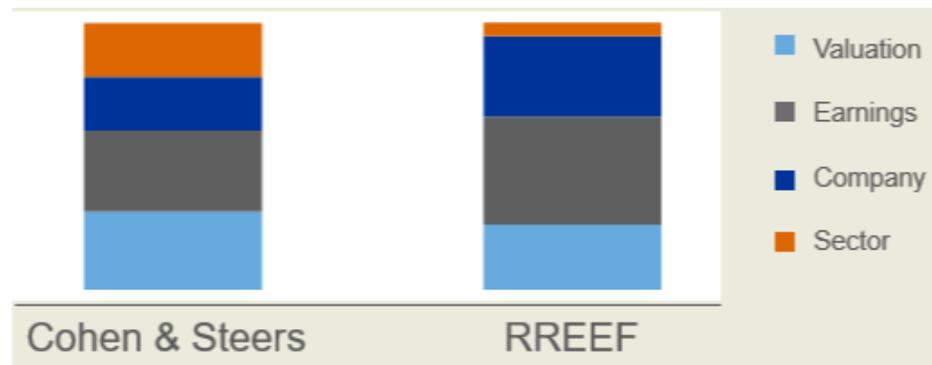
### The Fund

The Global Real Estate Securities Fund aims to provide investors with exposure to a globally diversified portfolio of real estate securities and property-related companies listed on stock exchanges around the globe. To help achieve its objectives, the Fund employs multiple money managers with different approaches to portfolio construction and global strategies that are intended to be complementary. 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.

The Fund is designed to provide a means of potential excess return generation (e.g., property sector, country and stock selection) while managing risk. The Fund's benchmark is the FTSE EPRA/NAREIT Developed Real Estate Index Net.

### Money manager investment processes: Key attributes (As of September 2019)

This graphic depicts Russell Investments' qualitative assessment of the relative importance each manager places on four key investment categories that help form a manager's investment style for managing real estate securities. The greater the relative importance, the larger the space will be in the bar. "Sector" refers to the manager's property sector and region/country analysis, including private market research; "Company" refers to bottom-up fundamental company analysis; "Earnings" refers to one of the several cash flow and earnings metrics; and "Valuation" refers to estimating net asset value.



### Russell Investments portfolio managers

Bruce Eidelson is Director of Listed Real Assets for Russell Investments. Bruce is responsible for overseeing the firm's publicly traded real estate, infrastructure and commodities strategies. He is portfolio manager for Russell Investments' real estate securities funds domiciled in the U.S., Europe and Australia. Bruce holds a BA in economics and geography, an MBA in finance, and an MS in real estate development. Bruce joined Russell Investments in 1999.

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 managers' role

The Russell Investments' 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.

FIRM NAME	TARGET ALLOCATION
Cohen & Steers Capital Management, Inc. <sup>1,3</sup>	40%
RREEF America L.L.C. <sup>2,3</sup>	50%
Russell Investment Management, LLC (RIM)*	10%

<sup>1</sup>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). <sup>2</sup>RREEF America L.L.C. refers to RREEF America L.L.C. (Chicago, IL), Deutsche Investments Australia Limited (Sydney, Australia) and Deutsche Alternatives Asset Management (Global) Limited (London, UK) operating under the brand name Deutsche Asset Management. <sup>3</sup>This money manager is a non-discretionary manager. RIM manages this portion of the fund's assets based upon a model portfolio provided by the money manager. \*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.

**Not a Deposit. Not FDIC Insured. May Lose Value. Not Bank Guaranteed. Not Insured by any Federal Government Agency.**

# Global Real Estate Securities Fund

## Managers and Strategies Summary

September 2019

NAME	ALLOCATION	INVESTMENT FOCUS	ROLE	DETAILS OF ROLE IN THE FUND
	40%	Seeks company mis-pricings relative to net asset value and dividend discount model estimates.	Global market-oriented	Performs sophisticated qualitative and quantitative stock valuation and cash flow forecasts which drive stock selection decisions. This bottom-up stock selection is performed regionally and combined with top-down country/regional allocation decisions.
 Deutsche Asset Management	50%	A combination of fundamental real estate analysis and detailed bottom-up company valuation to invest in a select number of securities that RREEF America believes trade at the most attractive valuation relative to RREEF's bottom-up estimation of intrinsic value.	Global market-oriented	Russell Investments believes that RREEF America is highly complementary to the other managers in the fund due to its primary emphasis on bottom-up stock selection with a relatively low number of portfolio holdings.
Russell Investment Management, LLC ("RIM")	10%	The active positioning strategy in this Fund allows the Russell Investments Portfolio Managers 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 Managers.	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 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

Founded by Martin Cohen and Robert Steers, Cohen & Steers Capital Management, Inc. was the first U.S. investment advisor to specialize in listed real estate. Today, the firm is an independent asset manager listed on the New York Stock Exchange (ticker: CNS). Cohen & Steers serves institutional and individual clients around the world through a broad range of strategies and vehicles.

**Headquarters:** New York, NY

**Founded:** 1986

**Lead manager:** John Cheigh



**Asset class:** Real estate

**Investment focus:** Global, market-oriented

**Number of holdings:** 75-125

**Investment approach:** Most of the excess return potential is expected to come from bottom-up stock selection. The overweights to a sector or region are generally derived from the bottom-up stock valuations, however the firm will occasionally make an overweight decision based upon a thematic view.

\*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

Cohen & Steers Capital Management, Inc.'s\* (Cohen & Steers) global mandate was added to the Global Real Estate Securities Fund in 2007 and is a non-discretionary manager in the Fund. The mandate for this Fund is managed by Jon Cheigh.

### What this manager brings to the Fund

Cohen & Steers performs sophisticated qualitative and quantitative stock valuation and cash flow forecasts which drive stock selection decisions. This bottom-up stock selection is performed regionally and combined with top-down country/regional allocation decisions.

### Investment process

Cohen & Steers' global strategy invests in a portfolio of companies the firm believes are mispriced relative to their net asset value and dividend discount model estimates. When generating estimates, the firm utilizes standardized valuation methodologies in order to compare valuations across sectors and markets on a relative basis. Russell Investments believes the firm's process can potentially result in attractive and consistent long-term returns.

### Russell Investments' manager analysis

Russell Investments believes Cohen & Steers can generate potential excess returns through a combination of bottom-up stock selection in each region and top-down country/regional allocation decisions.

The breadth and depth of the investment staff at Cohen & Steers is impressive and is a key element of Russell Investments overall evaluation of the firm. Each analyst covers a relatively few number of companies and therefore is able to perform sophisticated qualitative and quantitative assessments that are synthesized into the valuation and cash flow forecasts that are critical to the stock selection decision.

Cohen & Steers should do well in market environments when stock selection is a key driver of returns. A difficult time for this manager would be periods when net asset value and cash flow for real estate assets in general are not key drivers of real estate securities' share prices.

## RREEF America L.L.C.\*

### Firm background

Founded in 1975 and purchased by Deutsche Bank in 2002, RREEF America L.L.C. manages real estate portfolios around the world. The firm provides its services to high net worth individuals, investment companies, pension and profit sharing plans, pooled investment vehicles, charitable organizations, corporations, and state or municipal government entities.

**Headquarters:** Chicago, IL

**Founded:** 1975

**Lead manager:** John Vojticek



Deutsche  
Asset Management

**Asset class:** Real estate

**Investment focus:** Global market-oriented

**Number of holdings:** 60-110

**Investment approach:** A combination of fundamental real estate analysis and detailed bottom-up company valuation to invest in a select number of securities that RREEF America believes trade at the most attractive valuation relative to RREEF's bottom-up estimation of intrinsic value.

\*RREEF America L.L.C. refers to RREEF America L.L.C. (Chicago, IL), Deutsche Investments Australia Limited (Sydney, Australia) and Deutsche Alternatives Asset Management (Global) Limited (London, UK) operating under the brand name Deutsche Asset Management.

### Manager profile

RREEF America L.L.C.\* (RREEF America) was added to the Global Real Estate Securities Fund in 2016 and is a non-discretionary manager in the Fund. John Vojticek, who was appointed as a global portfolio manager in 2011, has created a cohesive global investment process which is underpinned by a deep team of analysts and regional portfolio managers. The Global Real Estate Securities team has five regional offices located in Chicago, London, Hong Kong, Tokyo, and Sydney. Each office location provides key a function to the Global Real Estate Securities investment process, including global oversight, portfolio management, research and portfolio support. Research is conducted in seven offices worldwide – San Francisco, Chicago, New York, London, Frankfurt, Singapore and Tokyo.

### What this manager brings to the Fund

Russell Investments believes that RREEF America's investment style is highly complementary to those of the other managers in the Fund with an investment strategy that has a primary emphasis on bottom-up stock selection with a low number of portfolio holdings.

### Investment process

RREEF America's process is focused on identifying listed real estate companies whose trading prices are furthest below its estimation of intrinsic value. Real estate asset values are a function of both: (1) forward cash flow expectations and (2) required returns, and therefore the team's research seeks to leverage its locally based teams, large direct property business, and capital markets inputs to derive the most accurate estimation of intrinsic value. The strategy begins by segmenting the global real estate universe into discrete buckets (or sectors) whereby stocks with common fundamental and capital market drivers are assessed rigorously against one another.

### Russell Investments' manager analysis

Russell Investments views that RREEF America has the following:

- Unique understanding of risk within the listed real estate market and proprietary process defining 27 discrete buckets
- Local securities experts with access to extensive real estate research, direct investment and broader firm resources
- Dynamic securities valuation tied to changes in credit market conditions

RREEF America is expected to perform well in environments where the market discriminates on quality fundamentals, such as management, market and asset quality. Performance would be challenged in market environments favoring either higher-yielding or more highly-levered companies and property sectors, with limited consideration of valuation and property fundamental differences.

# 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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**Asset class:** Global real estate securities

**Number of holdings:** 125-150

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

## Manager and strategy oversight

The Russell Investments' Portfolio Managers have ultimate responsibility for ensuring fund outcomes are consistent with fund objectives. The Portfolio Managers 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 Managers believe 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 Managers. 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 managers 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 managers 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.

Specific sector investing such as real estate can be subject to different and greater risks than more diversified investments. Declines in the value of real estate, economic conditions, property taxes, tax laws and interest rates all present potential risk to real estate investments. Fund investments in non-U.S. markets can involve risks of currency fluctuation, political and economic instability, different accounting standards and foreign taxation.

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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Date of First Use: September 2016. Revised: September 2019.

RIFIS 20970