

MULTI-STRATEGY INCOME FUND



Money Manager and Russell Investments Overview

June 2020

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 Multi-Strategy Income Fund seeks to provide a responsible level of yield, which means the Fund seeks to maximize current yield while not sacrificing the potential for long-term capital appreciation. The Fund principally invests in a broad range of income-producing equity, real asset and fixed income securities.

Each of the managers within the Fund have been identified for their specific expertise in income-producing securities—such as global listed infrastructure, REITs, global equities, emerging market debt, and global credit. 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's primary benchmark is the Intercontinental Exchange Bank of America Merrill Lynch (ICE BofA***) Global High Yield 2% Constrained Index (USD Hedged).

Asset classes and strategies in the Fund (as of June 2020)

FIRM NAME	ROLES
Berenberg ^{2(a)}	European equity
Boston Partners ^{2(b)}	U.S. equity – small cap value
Cohen & Steers ^{1,2(b)}	Global real estate, infrastructure, preferred securities
First Eagle*	Bank loans
GLG	Emerging markets debt
Kopernik ^{2(a)}	Global equity
Oaktree	Convertibles
Putnam	Mortgages/Oppportunistic fixed income
Sompo ^{2(a)}	Japan equity – large cap value
RIM**	Positioning strategies

¹Cohen & 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). ^{2(a)}Indicated managers are non-discretionary money managers. RIM manages these portions of the Fund's assets based upon model portfolios provided by the managers. ^{2(b)}This money manager has both discretionary and non-discretionary assignments within the Fund. RIM manages the non-discretionary 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 affect 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. 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. *First Eagle Alternative Credit, LLC acquired THL Credit Advisors LLC effective January 31, 2020.

***Effective January 1, 2020, ICE BofAML indexes were renamed ICE BofA indexes.

Russell Investments portfolio managers

Brian Meath is Managing Director, Head of Portfolio Management and has primary responsibility for the oversight of all multi-asset and balanced funds managed by Russell Investments globally. Brian re-joined Russell Investments in 2010, having previously been with the firm from 1995 to 2000, where he was head of global equity research. From 2007 through 2010, Brian launched and managed Cause Investments. Brian holds a BA in international studies and a MA in international business studies. Brian first joined Russell Investments in 1995.

Rob Balkema is a Senior Portfolio Manager with Russell Investments' multi-asset solutions team. Rob is responsible for creating strategic asset allocations for the funds, selecting managers or passive alternatives to populate asset classes, integrating capital market insights and market strategist views, and positioning the total portfolio. Prior to this role, Rob was a Senior Research Analyst on the global equity team. Rob holds a BA in economics. He joined Russell Investments in 2006.

The portfolio manager's 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 RIM's strategy. This does not include liquidity reserves managed directly by RIM, which may constitute 5% or more of fund assets at any given time.

7%	Berenberg Asset Management, LLC ^{2(a)}	6%	Kopernik Global Investors, LLC ^{2(a)}
6%	Boston Partners Global Investors, Inc. ^{2(b)}	6%	Oaktree Capital Management, L.P.
14%	Cohen & Steers Capital Management, Inc. ^{1,2(b)}	10%	Putnam Investment Management, LLC
14%	First Eagle Alternative Credit, LLC*	6%	Sompo Asset Management Co., Ltd. ^{3(a)}
5%	GLG LLC	26%	Russell Investment Management, LLC (RIM)**

Multi-Strategy Income Fund

Managers and Strategies Summary

June 2020

NAME	ALLOCATION	INVESTMENT FOCUS	ROLE	DETAILS OF ROLE IN THE FUND
	7%	Berenberg's research driven process is based on pure, bottom-up fundamental stock selection.	European equity	Berenberg focuses on high quality businesses, structural growth drivers, single stock analysis and high conviction ideas. The emphasis does not vary over time, since the fund follows a disciplined execution of the proven investment approach.
	6%	Uses fundamental research to identify small cap companies selling at attractive valuations with near-term revenue-based catalysts.	U.S. equity – small cap value	Boston Partners pursues small cap companies on the cusp of positive change at attractive valuations. The team seeks to exploit market anomalies through identifying what is believed to be under-appreciated companies and has the ability to mitigate opportunity cost by successfully identifying timely revenue-based catalysts and managing position sizes accordingly.
	14%	Infrastructure strategy uses a balance of top-down sector research and bottom-up company specific analysis. Real estate strategy uses a bottom-up stock valuation approach. Preferred securities strategy focuses on income generation from investing in financial and non-financial firms' capital structured securities.	Global real estate / infrastructure / preferred securities	Cohen & Steers' mandate for this Fund is a blend of their listed infrastructure strategy, global real estate securities strategy, and preferred securities strategy.
	14%	Incorporates a four-dimensional approach: top down analysis, bottom up research, qualitative analysis and quantitative analysis.	Bank loans	First Eagle* (formerly THL) invests solely in U.S. bank loans (a.k.a. "leveraged loans"), which is expected to provide a more defensive bias than any of the fund's existing corporate high yield money managers.
	5%	Takes a disciplined approach that incorporates fundamental, technical and valuation analysis.	Emerging markets debt	GLG brings an emerging markets debt strategy to the Fund with a large focus on downside protection. The strategy is expected to provide access to the yield offered by the emerging market debt yield curve and the potential for emerging market currency appreciation relative to the dollar and other hard currencies.
	6%	Uses a bottom-up, deep fundamental analysis to gain a thorough, forward-looking understanding of a company's business and valuation.	Global equity	Kopernik is a long-term investment firm with differentiated insights that brings diverse sources of potential alpha from sectors and regions that are not heavily invested in by existing managers in the Fund.
	6%	Brings a unique, niche high yield convertible debt strategy with a "buy low, sell high" mentality—seeking to identify convertible debt securities that are trading below their investment value yet still offer potential equity upside.	Convertibles	Oaktree brings a high yield convertibles strategy to the Fund with a focus on 'busted convertibles', which are issues that trade below par because of a short-term headwind for the company or their market. The strategy seeks to deliver excess returns relative to the high yield markets, especially in down markets.

Multi-Strategy Income Fund

Managers and Strategies Summary

June 2020

NAME	ALLOCATION	INVESTMENT FOCUS	ROLE	DETAILS OF ROLE IN THE FUND
 Putnam INVESTMENTS	10%	Putnam's mortgages strategy primarily emphasizes prepayment risk and securitized credit risk as the key drivers of returns. Putnam's opportunistic fixed income strategy is a tail-risk hedging strategy against risk-off market events and subsequent flight to fixed income securities—designed to benefit from increases in interest rate volatility.	Mortgages/ Opportunistic fixed income	Putnam's mortgages strategy will seek to generate return by capturing yield and capital appreciation from investments in mortgage credit as well as by seeking opportunities in the more interest rate sensitive agency mortgage derivatives. Putnam's opportunistic fixed income strategy is built to provide hedging for major equity shocks and is expected to provide attractive diversification to the Fund.
Sompo Asset Management Co., Ltd.	6%	Uses bottom-up fundamental analysis to seek to identify and capture price anomalies created by a market that often overreacts to short-term events.	Japan equity – large cap value	Sompo's valuation bias will give the Fund access to Japan equity—which Russell Investments believes is an inefficient area of the market relative to other markets like U.S. large cap.
Russell Investment Management, LLC ("RIM")	26%	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 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 cited on the left).

*First Eagle Alternative Credit, LLC acquired THL Credit Advisors LLC effective January 31, 2020.

Multi-Strategy Income Fund

Berenberg Asset Management, LLC

June 2020

Firm background

Berenberg Asset Management, LLC (Berenberg) is part of Berenberg Bank, the world's oldest merchant bank based in Hamburg. Berenberg provides quantitative investment strategies to institutional investors like insurers, pension funds, banks and foundations.

Headquarters: Hamburg, Germany

Founded: 1590

Lead manager: Matthias Born



Role: European Equity

Strategy: Small cap value

Number of holdings: Approx. 50

Manager profile

Berenberg Asses Management, LLC was added as a non-discretionary manager to the Fund in June of 2020. The strategy is led by Matthias Born who is the lead portfolio manager and decision-maker.

What this manager brings to the Fund

Berenberg brings an European all-cap equity strategy to the Fund. They believe that inefficiencies exist in our universe and can be exploited by concentrating on long term fundamental investing with a disciplined approach. Their strategy follows a quality-growth approach predicated upon fundamentally selecting companies whose competitive advantages are expected to allow them to compound growth for longer and at higher rates than average market participants expect. They focus on quality companies with strong balance sheets and solid business models.

Investment process

Fundamental single stock selection ("bottom-up approach") is at the center of their investment process. Top-down trends are considered when estimating the attractiveness of single stocks but are not a decision criterion by itself. Berenberg's management uses proprietary, independent research with close contact to top management and is independent from any benchmark.

This results in a high active share. With a long-term investment horizon, the management identifies structural and sustainable growth drivers. Berenberg believes that fundamental criteria explain stock returns significantly better over a long-time horizon. Berenberg focuses on high-quality businesses, structural growth drivers, single stock analysis and high conviction ideas. The emphasis does not vary over time, since the strategy follows a disciplined execution of the proven investment approach.

Russell Investments' manager analysis

Russell Investments believes that Berenberg's portfolio is impeccably crafted for up and down markets because their investment mix is made not only of defensive businesses, but also quality cyclicals and high growers. The strategy takes a long-term investment horizon, remaining true to style ("Quality Growth") throughout all market conditions. The strategy seeks to benefit from the long-term rewards of compounding, when growth firms reinvest their cash flows in their business at high returns.

Russell Investments views Matthias Born as an experienced investor with incredible knowledge and insights. At Berenberg, he is the sole decision maker and possesses final say both on portfolio construction and research. The team has a well-established set of investment beliefs and a process that has demonstrated efficacy.

Multi-Strategy Income Fund

Boston Partners Global Investors, Inc.

June 2020

Firm background

Boston Partners Global Investors, Inc. is an SEC-registered investment adviser consisting of three investment divisions: Boston Partners, Weiss, Peck & Greer, and Redwood, each offering distinctive investment capabilities.

Headquarters: Boston, MA

Founded: 1995

Lead manager: Richard Shuster, CFA



Role: U.S. equity

Strategy: Small cap value

Number of holdings: 80-1,220

Manager profile

Boston Partners Global Investors, Inc. (Boston Partners) was added as a non-discretionary manager to the Fund in December 2017. In this capacity, Boston Partners provides a model portfolio to Russell Investment Management, LLC representing its investment recommendations, based upon which Russell Investments purchases and sells securities for the Fund. Russell Investments may deviate from the model portfolio provided by Boston Partners for purposes of minimizing transaction costs, but generally intends to implement the portfolio provided by Boston Partners. This strategy is led by Richard Shuster, who is backed by a skilled investment team whose members have worked together since 1999.

What this manager brings to the Fund

Boston Partners pursues small cap companies on the cusp of positive change at attractive valuations. The team seeks to exploit market anomalies through identifying what is believed to be under-appreciated companies. Russell Investments believes Boston Partners has the ability to mitigate opportunity cost by successfully identifying timely revenue-based catalysts and managing position sizes accordingly.

Investment process

Boston Partners focuses on finding undervalued, quality companies in value sectors. Boston Partners believes that hands-on, proprietary fundamental research can uncover undervalued companies in value sectors to seek to achieve long-term returns. The team meets with 600+ companies each year to fully understand their business strategy, the strength of leadership, and the company's products, markets and customers.

Boston Partners seeks companies that are experiencing above-average and increasing levels of return on invested capital as well as those that are priced below normalized historical valuations. The team prefers to identify timely revenue-based catalysts but will invest early given conviction in long term prospects, valuation, and potential for downside protection. Idea generation is strong with a significant number of new ideas coming from company meetings and the team's existing network of industry contacts.

Russell Investments' manager analysis

Russell Investments believes two key drivers of Boston Partners' success include the lead manager, Richard Shuster, who Russell Investments believes to be an experienced and talented small and micro-cap investor. The team has cultivated an autonomous and performance-oriented culture that Russell Investments finds appealing.

Boston Partners' strategy is a deep value approach to picking small cap securities. This tends to have a contrarian flavor so market environments that favor higher momentum and growth stocks will tend to be a challenge for this manager. Boston Partners is expected to perform better in market environments that favor value stocks.

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: Infrastructure: Bob Becker

Real Estate: Jon Cheigh

Preferred Securities: Bill Scapell



Role: Global real estate, infrastructure, and preferred securities

Strategy:

- Market-oriented real estate
Number of holdings: 75-125
- Non-traditional infrastructure
Number of holdings: 60-85
- Preferred securities
Number of holdings: Approximately 200

Manager profile

Cohen & Steers Capital Management, Inc. (Cohen & Steers) was added to the Multi-Strategy Income Fund at the Fund's launch in 2015 and is a discretionary and non-discretionary manager in the Fund.

What this manager brings to the Fund

Cohen & Steers' mandate for this Fund is a blend of their listed infrastructure strategy, global real estate securities strategy and preferred securities strategy.

Investment process

Real estate strategy:

Cohen & Steers' global strategy invests in a portfolio of companies the firm believes are mis-priced 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.

Infrastructure strategy:

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. This 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. 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 is achieved by employing risk controls such as specific 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.

Preferred securities strategy:

Cohen & Steers' preferred securities strategy focuses on income generation from investing in financial and non-financial firms' capital structured securities. The investment process tilts towards bottom up relative value security selection with a touch of top down impact, primarily in duration, which leads to a fairly diversified portfolio.

Russell Investments' manager analysis

Cohen & Steers' infrastructure strategy 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 may be difficult for the manager. 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. Cohen & Steers' real estate strategy should do well in market environments when stock selection is a key driver of returns. A difficult time for this manager may 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. Cohen Steers' preferred securities strategy is expected to provide attractive income to the Fund.

Multi-Strategy Income Fund

First Eagle Alternative Credit, LLC

June 2020

Firm background

First Eagle Alternative Credit* is an alternative credit manager formed by the combination of THL Credit with the private credit operations of First Eagle Investment Management, LLC ("First Eagle"), which acquired THL Credit on January 31, 2020.

Headquarters: Boston, MA

Founded: 2002 (McDonnell Investments) / 1864 (First Eagle Investment Management, LLC)

Lead managers: Jim Fellows and Brian Good



Role: Bank loans

Strategy*: Bank loans

Number of holdings: 95-125

*See definitions on page 16.

*First Eagle Alternative Credit, LLC acquired THL Credit Advisors LLC effective January 31, 2020.

Manager profile

The investment team at First Eagle Alternative Credit, LLC (First Eagle) is the same team that was at THL Credit. The investment team has been responsible for managing assets of the Multi-Strategy Income Fund since its launch in 2015. Russell Investments had followed THL Credit since 2011, when it was known as McDonnell Investment Management. In 2012, the firm was purchased by THL Credit Advisors LLC and in 2020 the firm was purchased by First Eagle Investment Management. Despite the changes in ownership over the past decade the core members of the investment team have been working together since 1988.

What this manager brings to the Fund

First Eagle invests solely in U.S. bank loans (a.k.a. "leveraged loans"), which is expected to provide a more defensive bias than any of the Fund's existing corporate high yield money managers.

Investment process

The team incorporates a four-dimensional approach:

1. Top down analysis
2. Bottom up research
3. Qualitative analysis
4. Quantitative analysis

The top down analysis incorporates First Eagle's macroeconomic view and view of an industry group. Bottom up research focuses on individual credit analysis. The qualitative analysis provides a review of a firm's competitive position and a general review of the management of a given credit. Finally, the quantitative analysis utilizes a proprietary system to provide a credit and collateral score. This system is the cornerstone of First Eagle's research.

The firm's strategy has a balanced emphasis on both liquid issuers and smaller cap companies compared to existing managers in the fund. This is expected to allow its portfolio to perform in both up and down markets. At the same time, the downside capture is expected to be lower than its upside capture considering the firm's security selection skill sets. The bottom up approach could also lead to a performance pattern that exhibits low correlation to the manager's benchmark and to some of First Eagle's larger peers.

Russell Investments' manager analysis

Russell Investments believes the portfolio managers at First Eagle demonstrate thorough knowledge of the potential risks in their portfolios as well as of the bank loan asset class as a whole.

First Eagle's relatively low asset base, combined with a deep and experienced investment staff, leads Russell Investments to believe that the firm will be able to identify potentially attractive investment opportunities in a timely manner and be able to act nimbly in the marketplace to reflect these ideas in the portfolio.

First Eagle is expected to perform well relative to loans and high yield when credit spreads are widening and the market is selling off, potentially outperforming the equity and high yield areas of the marketplace. First Eagle's strategy can also be aided by rising interest rates. First Eagle will tend to lag in market situations presenting rapidly falling interest rates and tightening credit spreads (a rallying bond market).

Firm background

GLG LLC is a global investment management organization. They run a diverse range of investment products and services with robust risk control.

Headquarters: London, UK

Founded: 1995

Lead manager: Guillermo Osses



Role: Fixed income

Strategy: Emerging markets debt

Number of holdings: 80-100

Manager profile

GLG LLC (GLG) was added as a discretionary manager to the Fund in March 2017. The strategy is led by Guillermo Osses. He is supported by a team of four portfolio managers and one portfolio engineer.

What this manager brings to the Fund

GLG brings an emerging markets debt strategy to the Fund with a large focus on downside protection. The strategy is expected to provide access to the yield offered by the emerging market debt yield curve and the potential for emerging market currency appreciation relative to the dollar and other hard currencies. The team has a proven track record to perform in both up and down markets within a risk-controlled framework. There is no clear bias to being defensive or overweight risk. GLG's strategy is very dynamic in nature, rotating quickly based on their model output and qualitative views.

Investment process

GLG's strategy takes a disciplined approach and incorporates fundamental, valuation and technical analysis. The strategy focuses on perceived sections of the emerging markets debt market that have the best chance of providing consistent excess returns. The team has a concrete plan with well-thought out positions to buy that they believe will help achieve an attractive return for the strategy.

Russell Investments' manager analysis

Russell Investments believes Mr. Osses is one of the most skilled portfolio managers in the emerging market debt space. His years of experience as a currency trader gives him a good base for monitoring key signals in the market. The team has strong understanding of emerging markets debt peers and their own past performance. Currency selection is expected to be the primary driver of relative performance with interest rate positioning as a secondary driver.

Russell Investments believes GLG's strategy is one of the few all-weather strategies in the local currency emerging markets debt universe given that it is not biased towards being overweight or underweight rates, being overweight credit or taking outright views on the asset class. The strategy may underperform in a market environment with significant sentiment-driven market distress across emerging markets given its fundamental valuation-based approach.

Multi-Strategy Income Fund

Kopernik Global Investors, LLC

June 2020

Firm background

Kopernik Global Investors LLC is an employee-owned global equity investment management firm.

Headquarters: Tampa, FL

Founded: July 2013

Lead managers: David Iben, CFA



Role: Global equity

Strategy: All cap, value

Number of holdings: 50-90

Manager profile

Kopernik Global Investors LLC (Kopernik) was added as non-discretionary money manager to the Multi-Strategy Income Fund in 2016. In this capacity, Kopernik provides a model portfolio to RIM representing its investment recommendations, based upon which Russell Investments purchases and sells securities for the Fund. Russell Investments may deviate from the model portfolio provided by Kopernik for purposes of minimizing transaction costs, but generally intends to implement the portfolio provided by Kopernik. The strategy is led by David Iben, founder and Chief Investment Officer of Kopernik.

What this manager brings to the Fund

Kopernik is a long-term investment firm with differentiated insights that brings diverse sources of potential alpha from sectors and regions that are not heavily invested in by existing managers in the fund (e.g., materials, Canada, Russia). The firm has historically had a low-to-negative correlation with existing managers, which is expected to help improve diversification.

Investment process

The Global Equity strategy at Kopernik is an all-cap, deep-value strategy that aims to add value by identifying securities that are trading at a discount to net asset value.

Kopernik's investment philosophy is centered on the belief that market inefficiencies present numerous opportunities to identify quality businesses at attractive prices. The firm utilizes bottom-up, deep fundamental analysis to gain a thorough, forward-looking understanding of a company's business and valuation. Kopernik's intensive research process includes proprietary screens, site visits, analysis of financial statements and competitor analysis.

The strategy primarily invests in equities (domestic common, foreign ordinary and depositary receipts) of companies located around the globe and of all market capitalizations.

Russell Investments' manager analysis

While Kopernik is a relatively new firm, many of the team members worked together in the past.

The team is led by Dave Iben, a talented investor who has had success throughout multiple investment cycles and is an adherent follower of his deep-value investment style. Prior to founding Kopernik, Dave worked at another investment firm where Russell Investments became familiar with his process. His absolute return philosophy has not changed and his application of economic principles as part of his process remains a compelling component of his investment ability.

Kopernik's deep-value strategy is expected to perform best during periods that favor low price-to-book and low price-to-earnings securities. The strategy tends to struggle in low growth, inflationary environments.

Multi-Strategy Income Fund

Oaktree Capital Management, L.P.

June 2020

Firm background

Oaktree Capital Management, L.P. is a global investment management corporation, whose mission is to provide management with a primary emphasis on seeking risk control in a limited number of sophisticated investment specialties. Oaktree is involved in less efficient markets and alternative investments. Oaktree serves clients through offices located in 17 cities and 12 countries.

Headquarters: Los Angeles, CA

Founded: 1995

Lead managers: Andrew Watts



Role: Fixed income

Strategy: Convertibles

Number of holdings: Approximately 100

Manager profile

Oaktree Capital Management, L.P. (Oaktree) was added as a discretionary manager to the Fund in June 2017. Andrew Watts is the lead manager of the strategy.

What this manager brings to the Fund

Oaktree brings a niche high yield convertibles strategy to the Fund with a focus on “busted convertibles”, which are issues that trade below par because of a short-term headwind for the company or their market. The strategy seeks to deliver excess returns relative to the high yield markets, especially in down markets.

The busted convertible market can offer potential for:

- Yields that are equivalent to that of non-convertible debt
- Equity upside

Investment process

Oaktree applies a “buy low, sell high” mentality—seeking to identify convertible debt securities that are trading below their investment value yet still offer potential equity upside. They also seek convertible securities that have high credit sensitivity and yield characteristics with low sensitivity to equity markets.

Oaktree also offers a strong sell discipline. They focus on holding securities during the time whereby they offer value and seek to exit positions when they become more sensitive to equities.

Russell Investments’ manager analysis

Russell Investments believes Oaktree offers a unique high yield convertibles strategy with a nimble approach and willingness to exit positions quickly if they believe the downside risk is material. The strategy is considered a “niche within a niche” which provides potential for attractive return by going where other managers in the market place do not. Oaktree’s credit risk emphasis, combined with their quick sell discipline, may help the portfolio minimize credit losses. The strategy is expected to perform well in spread widening environments, but might lag in periods of high yield rally and when duration rallies as the strategy maintains a fairly short duration.

The same portfolio management team has been running the strategy for over 20 years.

Multi-Strategy Income Fund

Putnam Investment Group, LLC

June 2020

Firm background

Putnam Investment Management, LLC is a privately-owned asset manager that provides investment services across a range of equity, fixed income, absolute return, and alternative strategies.

Headquarters: Boston, MA

Founded: 1937

Lead managers: Mike Salm



Role: Mortgages/Opportunistic fixed income

Number of holdings: 60-150

Manager profile

Putnam Investment Management, LLC (Putnam) was added as a discretionary manager to the Fund in 2016 with its mortgages strategy. Putnam's opportunistic fixed income strategy was added to the Fund in September 2019. Both strategies are led by Mike Salm, who has extensive securitized investment experience and highly insightful macro views that permeate the investment decision making process.

What this manager brings to the Fund

Putnam's mortgages strategy will seek to generate return by capturing yield and capital appreciation from investments in mortgage credit as well as by seeking opportunities in the more interest rate sensitive agency mortgage derivatives. These two styles of mortgage securities tend to diversify one another and lead to better risk-adjusted performance. Putnam will utilize derivatives to implement its investment strategy. Putnam's opportunistic fixed income strategy—which is a tail-risk hedging strategy against risk-off market events and subsequent flight to fixed income securities—is designed to benefit from increases in interest rate volatility. Russell Investments worked closely with Putnam to create this strategy for the Fund.

Investment process

Putnam's mortgages strategy primarily emphasizes prepayment risk and securitized credit risk as the key drivers of returns. Security selection in a prepayment-oriented mortgage strategy requires a very unique skill set which we believe Putnam possesses. They will rotate into commercial-backed mortgage securities (CMBS) and residential-mortgage backed securities (RMBS) when these sectors look attractive relative to prepayment risk. We believe this can be helpful from a return generating perspective as well as from a volatility dampening perspective. They will aim to actively hedge the three primary risks involved, including interest rate risk, overall volatility, and the exposure to mortgage basis.

Putnam's opportunistic fixed income strategy—which purchases volatility using U.S. Fixed Income Interest Rate Swaps—is built to provide hedging for major equity shocks and is expected to provide attractive diversification to the Fund.

Russell Investments' manager analysis

Russell Investments believes that Mike Salm's knowledge of the agency derivatives markets and ability to express prepayment views therein are among the best in the markets. Russell Investments also believes Putnam's capabilities for rotating between prepayment sectors are elite in the traditional fixed income space and that Putnam has a good understanding of complementary risks in the securitized markets. Russell Investments expects Putnam's mortgage strategy to do well in strong housing markets. Conditions for prepayment risk should be favorable if bond yields and mortgage rates rise. Prepayment strategies are negatively impacted when interest rates fall. Mortgage bonds are more likely to be impacted by defaults in weak housing markets.

Putnam's opportunistic fixed income strategy is also managed by Michael Salm, co-Head of Fixed Income Investments, together with Matthew Walkup and James Wang, two macro strategists. Russell Investments views Michael as a thoughtful and experienced fixed income investor with in-depth knowledge in derivatives and volatility markets.

Multi-Strategy Income Fund

Sompo Asset Management Co., Ltd.

June 2020

Firm background

Sompo Asset Management Co., Ltd. is a leading intrinsic value asset manager of Japanese assets and is part of Sompo Holdings Group.

Headquarters: Tokyo, Japan

Founded: 1986

Lead managers: Eitaro Tanaka

Sompo Asset Management Co., Ltd.

Role: Japan equity

Strategy: Value

Sub-strategy: Large cap

Number of holdings: 20-40

Manager profile

Sompo Asset Management Co., Ltd. (Sompo) was added as a non-discretionary manager to the Fund in September 2018. In this capacity, Sompo provides a model portfolio to Russell Investment Management, LLC representing its investment recommendations, based upon which Russell Investments purchases and sells securities for the Fund. Russell Investments may deviate from the model portfolio provided by Sompo for purposes of minimizing transaction costs, but generally intends to implement the portfolio provided by Sompo. Eitaro Tanaka is the lead manager for Sompo's Japan equity strategy.

What this manager brings to the Fund

Sompo provides the Fund with exposure to the Japan equity market—specifically within the value space.

Investment process

Sompo uses bottom-up fundamental analysis to seek to identify undervalued stocks that are trading at a discount to their intrinsic value from some short-term events or one-off causes. A stock's intrinsic value is calculated through Sompo's dividend discount model. They believe that every stock has an intrinsic value which the market price tends towards over time. They seek to create value by exploiting this tendency with a disciplined approach that seeks to purchase undervalued stocks and liquidate overvalued stocks. Their model allows them to incorporate their views on risks such as sustainability and credit.

Russell Investments' manager analysis

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.

Russell Investments believes Sompo's strategy will perform well when the value factor is in favor and may struggle in a momentum-driven market.

Multi-Strategy Income Fund

Russell Investment Management, LLC

June 2020

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

POSITIONING STRATEGIES

Number of holdings: 300

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

Manager and strategy oversight

Russell Investments' portfolio managers have 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 Russell Investments 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, portfolio managers may identify an investment need and seek to address that need with a positioning strategy.

Positioning strategies are customized portfolios directly managed 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.

RIM uses a blend of strategies in this Fund, designed to help tilt the portfolio in the direction of our strategic beliefs:

- The currency overlay utilizes currency forward contracts to take long and short positions in global foreign exchange markets, which may result in gains or losses for the fund based on the movements of relative exchange rates. RIM believes that a currency overlay strategy serves as a diversifier and another potential source of return in multi-asset portfolios, especially in periods where the medium-term return outlook is more challenging for credit, duration and equity returns than it has been in the past.
- RIM believes that bonds issued by sovereign countries with higher real yields have a greater likelihood of outperforming those with low real yields. Using futures, RIM will take long positions in high quality government bonds whose yield, net of forward-looking inflation, are relatively high and short interest rate risk where that real, net-of-inflation yield is expected to be relatively low. This strategy has historically low correlations to credit risk.
- To target factor exposures (e.g. yield, market cap, momentum, quality), country/region exposure and sector/industry exposures, RIM will select a portfolio of global equity securities. RIM analyzes how the securities held by the third-party money managers differ from the preferred positioning of the Fund. RIM then uses a custom, proprietary quantitative technique to 'optimize' toward the preferred positioning. This strategic portfolio is comprised of what RIM believes to be quality income securities that may offer higher than average dividend yield and ability to pay that dividend in the future (good debt to equity/capital, solid cash coverage, etc.). This strategy is composed primarily of equity securities and as such, will struggle during down equity markets relative to the fund's non-equity investments. It will typically do well in moderately positive equity markets, led by higher yielding securities.

The shape of the strategies vary over time based upon the following three primary drivers: a) evolution of portfolio manager views in response to the valuation, cycle and sentiment opportunities within the asset classes, b) changes in manager holdings, and c) changes in market conditions.

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 certain markets by purchasing equity securities and/or derivatives or by purchasing fixed income securities and/or derivatives (also known as "equitization"), which typically include index futures contracts or exchange traded fixed income futures contracts. The Fund invests any remaining cash in an unregistered cash management fund advised by Russell Investments.

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.

***Investment focus definitions:**

Corporate Bonds – Corporate bonds are debt obligations issued by a corporation.

Emerging markets debt – Emerging market debt issued by sovereign issuers (governments) in their own currency denominations.

Bank loans – Corporate debt instruments that are typically higher in the capital structure than bonds and are issued with floating interest rates.

Money managers listed are current as of June 03, 2020. 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.

Large capitalization (large cap) investments involve stocks of companies generally having a market capitalization between \$10 billion and \$200 billion. The value of securities will rise and fall in response to the activities of the company that issued them, general market conditions and/or economic conditions.

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.

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.

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.

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.

Bank of America Merrill Lynch (BofA) Global High Yield 2% Constrained Index (USD Hedged) tracks the performance in U.S. dollars on a currency hedged basis of Canadian Dollar, British sterling, U.S. dollar and euro denominated developed markets below investment grade corporate debt publicly issued in the major U.S. or eurobond markets. Issuer exposure is capped at 2%.

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 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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