

STRATEGIC BOND FUND

Money Manager and Russell Investments Overview



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 Fund and manage assets not allocated to money managers.

The Fund

The Strategic Bond Fund seeks to provide total return. The Fund invests, under normal circumstances, at least 80% of its net assets in bonds.*

The Fund's performance benchmark is the Bloomberg U.S. Aggregate Bond Index[§].

Money manager skill set (See skill set definitions on last page.)

The table below provides an overview of the primary focus the money managers take in this Fund. This is not intended to be a comprehensive list of the managers' capabilities.

MANAGER	Interest-rate timing (duration / yield)	Mortgage-backed securities	Corporate bonds	Government Debt	Emerging market debt	Currency
RBC GAM UK	•			•	•	•
Schroder		•				
Western			•		•	

Russell Investments portfolio manager(s)

Gerard Fitzpatrick, Managing Director, Global Head of Fixed Income Portfolio Management, and Albert Jalso, Senior Director, Head of U.S. Fixed Income, have primary responsibility for the management of the Fund. Mr. Fitzpatrick has managed the Fund since August 2011 and Mr. Jalso has managed the Fund since March 2022.

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.

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

*See the Fund's Prospectus for additional information regarding this non-fundamental investment policy.

Strategic Bond Fund

Managers and Strategies Summary & 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. RIM may change a Fund's asset allocation at any time, including not allocating Fund assets to one or more money manager strategies.

FIRM NAME	TARGET ALLOCATION	INVESTMENT FOCUS	ROLE	DETAILS OF FUND ROLE
RBC Global Asset Management (UK) Limited	15%	RBC GAM UK brings a global government bond strategy to the Fund.	Specialist	RBC GAM UK's strategy seeks to add value primarily through relative value decisions among global government bonds and secondarily through active interest rate and currency decisions.
Schroder Investment Management North America, Inc.	27%	Schroder plays the role of securitized credit specialist in the Fund seeking to add value through security and sub-sector selection within that market.	Specialist	Schroder's strategy emphasizes security selection across securitized credit sectors with a specialty in residential housing.
Western Asset Management Company LLC and Western Asset Management Company Limited	11%	Western is the corporate bond specialist within the Fund and utilizes bottom-up selection and top-down fundamental macro factors to rotate among industries.	Specialist	Western's strategy aims to add value from corporate security selection and industry rotation within investment grade and high yield corporate bonds.
Russell Investment Management, LLC (RIM)*	47%	Directly manages multiple positioning strategies to seek to tilt the Fund across a variety of dimensions including credit, currency and interest rate factors.	Positioning Strategies and Cash Reserves	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 reserve.

*RIM manages Fund assets not allocated to money manager strategies by utilizing quantitative and/or rules-based processes and qualitative analysis to assess Fund characteristics and invest in securities and instruments, which provide the desired overall Fund exposures. RIM also manages the Fund's cash balances and cash reserves. RIM generally seeks to obtain market exposure for this cash that corresponds to the Fund's benchmark exposures, but RIM may also reduce the Fund's market exposure and/or utilize the Fund's liquidity reserve to manage overall Fund exposures.

RBC Global Asset Management (UK) Limited

Firm background

RBC Global Asset Management (UK) Limited is an institutional, fixed income specialist and is a wholly-owned subsidiary of Royal Bank of Canada.

Headquarters: London, UK

Founded: 2001

Lead manager: Mark Dowding

Asset class: Fixed income

Number of holdings: 40-75

Manager profile

RBC Global Asset Management (UK) Limited (RBC GAM UK) was added to the Strategic Bond Fund in 2023. Mark Dowding is the lead investment manager.

What this manager brings to the Fund

RBC GAM UK brings a global government bond strategy to the Fund which seeks to add value primarily through relative value decisions among global government bonds and secondarily through active interest rate and currency decisions. The strategy opportunistically seeks to invest in better quality high yield securities (in anticipation of rating migration to investment grade) and emerging market crossover names (e.g. Slovenia, Latvia and Lithuania). Non-European sovereigns such as Mexico and Chile are used to a lesser degree but may be included in the strategy depending on relative attractiveness.

Investment process

RBC GAM UK's weekly investment committee—comprised of all senior portfolio managers and chaired by Dowding—sets the firm's investment outlook based on a broad range of fundamental, valuation, and technical factors. Based on this, macro alpha sources are identified, and the issuer universe is blended by liquidity, credit quality, sector and issuer spread. Relative value analysis is blended with fundamental bottom-up analysis and shorter-term market technicals. All macro and sovereign credit outputs are recorded on a scale from -5 (most bearish) to +5 (most bullish) and fed into the portfolio management process, including target positions. Meetings with policy makers, local investors, and other relevant parties are important inputs in the sovereign analysts' forecasts of a country's fundamental trade as well as skillful assessments of relative value and technical considerations by Dowding and his team, particularly with respect to higher-yielding countries and Eastern Europe.

Russell Investments' manager analysis

RBC GAM UK has demonstrated skill in actively rotating long and short across government bonds to express these relative value views in a way that is not persistently directional or heavily biased toward emerging markets. RBC GAM UK has tended to be long spread in European higher-yielding countries such as Italy, Greece and lesser known countries like Slovenia and Iceland. However, they have also shown willingness to be tactical short to add value in these areas when prices are too tight in their estimation. Russell Investments believes this can have the effect of reducing the systematic long risk bias in their strategy and making it a better potential diversifier for the Fund. RBC GAM UK will utilize derivatives in its strategy, including currency forwards, interest rate futures and swaps to reflect long, short and relative value views among currencies, rates and credit. RIM believes RBC GAM UK is experienced in these markets and has the resources to manage such exposures effectively. Given that RBC GAM UK trades exhibit variability in direction, its performance relies on its ability to accurately forecast movements in diverse government rates and currencies.

Russell Investments views Mark Dowding as a highly experienced and insightful investor, particularly in sovereign credit analysis.

Schroder Investment Management North America, Inc.

Firm background

Schroder Investment Management North America, Inc. manages assets on behalf of institutional and retail investors, financial institutions and high net worth clients from around the world, invested in a broad range of asset classes across equities, fixed income, multi-asset and alternatives.

Headquarters: New York, NY

Founded: 1979

Lead manager: Michelle Russell-Dowe

Asset class: Fixed income

Number of holdings: 75-150

Manager profile

Schroder Investment Management North America, Inc. (Schroder) was added to the Strategic Bond Fund in 2016, when Brookfield Investment Management Inc.'s securities product team was purchased by Schroder. The strategy is led by Michelle Russell-Dowe, and a deep team of senior investment professionals and investment specialists across different sectors for credit analysis and modeling.

What this manager brings to the Fund

Schroder's strategy is focused on mortgage-backed securities. Schroder will use Treasury futures to manage duration positioning of their portfolio around the benchmark.

Investment process

Schroder is a mortgage-backed and asset-backed investment specialist. Its process tends to be credit intensive, rather than technical in nature. Schroder specializes in structured products (asset-backed securities and mortgage-backed securities) with an investment philosophy that is predicated on relative value. Russell Investments believes that with experienced investment professionals, a comprehensive analytical platform and a dedicated investment process that emphasizes security selection, Russell Investments believes that Schroders can successfully identify and capture relative value opportunities.

Schroder's investment approach begins with the identification of fundamental and technical factors that are responsible for performance in each asset class or sub-sector. Once areas of opportunity are identified, the firm performs an in-depth security analysis to build portfolios. Investments will be made across the credit spectrum with an emphasis on securities that it believes present high yields and total return opportunities.

Russell Investments' manager analysis

Russell Investments believes that Schroder is a compelling securitized sector specialists and that Russell-Dowe is a knowledgeable investor in the mortgage market with an excellent analytical system for evaluating structured securities, particularly mortgage-backed securities.

Russell Investments believes that Schroder's modest asset base should allow them the flexibility to be nimble in the securitized sector, taking on and off exposures without impacting markets.

Schroders will typically perform well when securitized credit performs well and conversely may lag when securitized credit underperforms. Securitized credit typically performs well during risk on environments.

Western Asset Management Company LLC and Western Asset Management Company

Limited

Firm background

Western is a global fixed income manager with offices in Pasadena, Hong Kong, London, Melbourne, New York, São Paulo, Singapore, Tokyo and Dubai. The company provides investment services for a wide variety of clients, across a wide variety of mandates.

Headquarters: Pasadena, CA

Founded: 1972

Lead manager: Ken Leech, CIO

Asset class: Fixed income

Number of holdings: 150-250

Manager profile

Western Asset Management Company LLC and Western Asset Management Company Limited (Western) were added to the Strategic Bond Fund in 2016. The strategy is led by Ken Leech, CIO.

What this manager brings to the Fund

Western brings a U.S. corporate credit strategy to the Fund and utilizes bottom-up selection and top-down fundamental macro factors to rotate among industries. Western's strategy aims to add value from corporate security selection and industry rotation within investment grade and high yield corporate bonds.

Investment process

Western's process combines bottom-up issuer selection with a top-down investment view.

The primary forum for decision making is Western's U.S. Broad Market Committee that consists of portfolio managers, sector heads and the firm's risk specialist. The committee meets on a regular basis to discuss top-down inputs into portfolio construction. The process incorporates the views of all members of the committee.

Western seeks to utilize its global suite of investment research capabilities to add value across all segments of the corporate credit market, including sub-investment grade securities and emerging market debt.

Russell Investments' manager analysis

Russell Investments believes Western's investment team, under the leadership of Ken Leech, has a thoughtful macro-process and are supported by experienced credit analysts. Security selection is an important source of excess return for global portfolios and we believe Western has strong capabilities in this area. The evaluation of different markets is driven by Western's top-down views on fundamental macro-economic conditions, market valuations and policy considerations, which we believe Western has solid capabilities in.

Despite employing some degree of top-down views in the portfolio positioning, we consider Western to be a value investor who tends to gravitate towards higher-yielding spread sectors. Hence, performance is expected to be strong relative to peers in both credit bull markets and flat markets but will likely lag in a flight to quality.

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 Management, L.P. with minority stakes held by funds managed by Reverence Capital Partners, L.P., certain of Russell Investments' employees, and Hamilton Lane Advisors, LLC. Russell Investments provides asset management and investment services to institutional and individual investors around the world.

Headquarters: Seattle, WA

Founded: 1936

POSITIONING STRATEGIES & CASH RESERVES

Asset class: Fixed income

Number of holdings: 150-300

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

Manager and strategy oversight

RIM's portfolio managers seek to ensure that 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, 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, including tactical tilts, 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 reflect Russell Investments' strategic and dynamic insights with integrated liquidity and risk management.

RIM employs multiple positioning strategies within the Fund to seek to tilt the Fund across a variety of dimensions including credit, currency and interest rate factors. Positioning strategies may change at any time as market conditions and needs of the Fund change.

Managing the liquidity reserve

Every RIC 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 appropriate markets by purchasing equity securities and/or derivatives (also known as "equitization"), which typically includes index futures contracts. The Fund invests any remaining cash in an unregistered cash management fund advised by RIM.

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

IMPORTANT RISK DISCLOSURES

Mutual Fund investing involves risks, principal loss is possible.

Money managers listed are current as of April 19, 2024. 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.

Bond investors should carefully consider risks such as interest rate, credit, default and duration risks. Greater risk, such as increased volatility, limited liquidity, prepayment, non-payment and increased default risk, is inherent in portfolios that invest in high yield ("junk") bonds or mortgage-backed securities, especially mortgage-backed securities with exposure to sub-prime mortgages. Generally, when interest rates rise, prices of fixed income securities fall. Interest rates in the United States are at, or near, historic lows, which may increase a Fund's exposure to risks associated with rising rates. Investment in non-U.S. and emerging market securities is subject to the risk of currency fluctuations and to economic and political risks associated with such foreign countries.

The Fund may invest in derivatives, including futures, options, forwards and swaps. Investments in derivatives may cause the Fund's losses to be greater than if it invests only in conventional securities and can cause the Fund to be more volatile. Derivatives involve risks different from, or possibly greater than, the risks associated with other investments. The Fund's use of derivatives may cause the Fund's investment returns to be impacted by the performance of securities the Fund does not own and result in the Fund's total investment exposure exceeding the value of its portfolio.

Non-U.S. markets and emerging or developing 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 the U.S., and emerging markets securities may be less liquid and more volatile than U.S. and longer-established non-U.S. 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.

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.

Manager skill sets definitions:

Interest rate timing (duration/yield) – Interest rate timing anticipates the magnitude and direction of interest rates in both the U.S. and/or internationally.

Mortgage-backed securities – Mortgage-backed securities are bonds backed by a pool of mortgages. Investors receive payments out of the interest and principal of the underlying mortgages.

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

High yield – Bonds that are ranked lower by ratings agencies because they have a relatively higher chance of default and therefore generally offer a higher yield in return for the higher risk, higher volatility and higher risk of default than investment grade bonds.

Emerging Market Debt – Emerging market debt (EMD) may include obligations of governments and corporations in countries with emerging markets.

Currency – Currency involves investing in foreign currencies with an expectation that the value of the currency will either rise or fall vs. the U.S. dollar.

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.

Use of currency trading strategies may adversely impact a Fund's ability to meet its investment objective of seeking to provide current income.

§Indexes are unmanaged and cannot be invested in directly. The benchmark shown represents the Fund's performance benchmark, which may be different from the Fund's regulatory benchmark included in the Fund's Prospectus and Annual Reports. The Bloomberg U.S. Aggregate Bond Index measures the investment grade, USD-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate securities, mortgage-backed securities (MBS) (agency fixed-rate and hybrid ARM pass-throughs), asset-backed securities (ABS), and commercial mortgage-backed securities (CMBS) (agency and non-agency).

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

Russell Investments' ownership is composed of a majority stake held by funds managed by TA Associates Management, L.P., with a significant minority stake held by funds managed by Reverence Capital Partners, L.P. Certain of Russell Investments' employees and Hamilton Lane Advisors, LLC also hold minority, non-controlling, ownership stakes.

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