

TAX-EXEMPT 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 Tax-Exempt Bond Fund seeks to provide federal tax-exempt current income consistent with the preservation of capital. The Fund will invest, under normal circumstances, at least 80% of the value of its assets in investments the income from which is exempt from federal income tax. The Fund invests principally in investment-grade municipal debt obligations providing federal tax-exempt interest income.

The Fund's performance benchmark is the Bloomberg Municipal 1-15 Year Blend (1-17) 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	Municipal bonds and notes	Treasuries
Goldman Sachs	•	•
MacKay Shields	•	•

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 May 2017 and Mr. Jalso has managed the Fund since September 2016.

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.

Tax-Exempt 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
Goldman Sachs Asset Management, L.P.	35%	Uses a combination of top-down and bottom-up ideas to generate returns, in addition to tax-loss harvesting strategies.	Specialist	Goldman Sachs takes active bets based on technical, political and fundamental views. Russell Investments believes GSAM has a strong understanding of market technicals and how other municipal managers operate, which has the potential to bolster the Fund's peer-relative performance.
MacKay Shields LLC	63%	Uses a fundamental investment approach that focuses on sector and state relative valuation.	Specialist	MacKay is a fundamental and relative value focused manager that seeks to exploit inefficiencies in the municipal market. The firm will take on relatively aggressive position sizes versus the benchmark and will also hold lower- and non-rated securities when attractive market opportunities exist.
Russell Investment Management, LLC (RIM)*	2%	N/A	Cash Reserves	RIM manages the Fund's liquidity reserves.

*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.

Goldman Sachs Asset Management, L.P.

Firm background

Goldman Sachs Asset Management, L.P. is a subsidiary of the Goldman Sachs Group, Inc., a bank holding company that engages in investment banking, securities services, and investment management. Goldman, Sachs & Co. was founded in 1869.

Headquarters: New York, NY

Founded: Goldman Sachs Asset Management, L.P. was founded in 1988

Lead manager: Scott Diamond

Asset class: Fixed income

Number of holdings: 400-700

Manager profile

Goldman Sachs Asset Management, L.P. (GSAM) was added to the Tax-Exempt Bond Fund in 2017. Their strategy is led by Scott Diamond. They are supported by a well-resourced and experienced analyst and portfolio management team.

What this manager brings to the Fund

GSAM brings a municipal bond approach to the Fund that incorporates a combination of top-down and bottom-up ideas to generate returns, in addition to tax-loss harvesting strategies to seek to optimize after-tax returns. Russell Investments believes GSAM has a strong understanding of market technicals and how other municipal managers operate, which has the potential to bolster the Fund's peer-relative performance.

Investment process

From a top-down perspective, GSAM's portfolio strategy incorporates analysis of the broad fixed income market environment, shape of the yield curve, economic and sector trends, and U.S. politics. GSAM monitors mutual fund flows, peer net asset values, and buy/sell ratios in an effort to predict the direction of rates or sector impacts and to decide how to best position their portfolio. From a bottom-up perspective, GSAM's analysts uncover opportunities within revenue sectors across states and all layers of the capital structure.

Russell Investments' manager analysis

Russell Investments has high conviction in GSAM due to their demonstrated willingness and ability to take risk to generate excess returns in the investment grade municipal bond space. Russell Investments believes GSAM has a solid understanding of federal and state political issues that may impact the municipal market and can use this insight to their advantage within their strategy.

Russell Investments expects that GSAM can be expected to be opportunistic in bottom-up security selection in periods of volatility and/or political stress.

While Russell Investments has strong conviction in GSAM's security selection capabilities, they may underperform during material market sell-offs.

Tax-Exempt Bond Fund

MackKay Shields LLC

Firm background

MackKay Shields LLC offers a range of fixed income related strategies and solutions for a wide array of global clients including pension funds, government and financial institutions, family offices, high net worth individuals, endowments and foundations, and retail clients.

Headquarters: New York, NY

Founded: 1939

Lead managers: Robert DiMella and John Loffredo

Asset class: Fixed income

Number of holdings: 450-800

Manager profile

MackKay Shields LLC (MackKay) was added to the Tax-Exempt Bond Fund in 2013. Russell Investments has been following the two lead managers, Robert DiMella and John Loffredo, since 2006 when they were with another money management firm.

What this manager brings to the Fund

MackKay's size allows it to be nimble in generating and executing compelling investment ideas in a timely manner. The firm will take on relatively aggressive position sizes relative to the benchmark and will also hold lower- and non-rated securities when attractive market opportunities exist.

Investment process

MackKay follows a fundamental investment approach that focuses on sector and state relative value decision making. The firm will take on relatively aggressive position sizes relative to the Fund's benchmark to express those views and will go down in credit rating to express bullish views more so than many competitors.

Russell Investments believes MackKay also has strong capabilities in lower-rated, including high yield, credit selection, which is expected to provide the Fund more flexibility to opportunistically take up credit risk if valuations become attractive during market sell offs.

Russell Investments' manager analysis

Russell Investments believes that MackKay's small size and tendency to hold less consensus views are intriguing characteristics that may help them outperform in the long run.

Russell Investments expects that MackKay can be expected to be opportunistic in bottom-up security selection in periods of volatility and/or political stress.

Russell Investments believes MackKay should do well when spreads on lower quality bonds are tightening or remain flat. Russell Investments expects MackKay to face headwinds when lower quality bonds (BBB and BB) spreads are widening and high yield municipals underperform.

Russell Investment Management, LLC

Firm background

Russell Investment Management, LLC is the advisor to Russell Investment Company (RIC) Funds. Russell Investments' ownership is composed of a majority stake held by funds managed by TA Associates 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

CASH RESERVES

Asset class: Fixed income

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

Manager and strategy oversight

Russell Investments' portfolio 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.

Managing the liquidity reserve

The Fund, like any mutual fund, maintains cash reserves (i.e., cash awaiting investment or cash held to meet redemption requests or to pay expenses). RIM may increase or decrease the Fund's cash reserves to seek to achieve the desired exposures for the Fund, or in anticipation of a transition to a new money manager or large redemptions resulting from rebalancing by asset allocation programs. RIM invests the Fund's cash in short-term investments, including the U.S. Cash Management Fund, an unregistered fund advised by RIM whose investment objective is to seek to preserve principal and provide liquidity and current income. Dividends from the Fund's investments in the unregistered fund and other taxable instruments are treated as taxable income by the Fund's shareholders.

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 March 14, 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.

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](https://www.russellinvestments.com). Please read a prospectus carefully before investing.

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.

***Manager skill sets definitions:**

Municipal bonds and notes – Debt securities issued by a state, municipality, or county to finance its capital expenditures.

Treasuries – Also known as "government securities" treasuries are a debt obligation of a government and are backed by the government, so are considered low-risk.

A portion of the interest return of tax-exempt mutual funds may be subject to the Alternative Minimum Tax and/or any applicable state and local taxes.

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

§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 Municipal 1–15 Year Blend (1–17) Index measures the performance of the U.S. dollar denominated long-term, tax-exempt bond market with bond maturities of 1–15 years, including state and local general obligation bonds, revenue bonds, insured bonds, and pre-refunded bonds.

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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