UNCONSTRAINED TOTAL RETURN FUND

Money Manager and Russell Investments Overview

January 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 Fund seeks to provide total return by generating returns in excess of traditional fixed income and cash, and with less volatility than dedicated high yield or emerging market products. The Fund opportunistically invests in a broad range of fixed income securities across sectors, the globe and credit quality and maturity spectrums, with an emphasis on higher-yielding securities. The Fund also employs currency and duration management strategies. The Fund's returns are expected to be correlated to changes in interest rates and performance of credit markets, but the Fund will use wide latitude and flexibility within bond markets in order to seek to minimize periods of negative performance and reduce volatility. The Fund may also invest in other asset classes in order to seek to achieve its objective, including equity securities. 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 strategies will comprise the following core components:

- **Core yield:** Seeks to generate yield by investing in higher quality and shorter duration BB rated high yield instruments and bank loans.
- **Diversifiers:** Seeks diversification through different asset classes and strategies.
- **Opportunistic strategies:** Seeks to enhance returns by opportunistically allocating to market opportunities as they present themselves.
- **Cash:** A cash allocation is part of the opportunity set of the Fund.

Money manager skill set (as of January 2019)

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	ROLE Diversifier	 Yield	 Opportunistic
H2O	•		
Post		•	
Putnam			•
THL		•	
RIM* – Currency Strategies	•		
RIM* – Global Adjusted Real Yield Strategy	•		

Russell Investments portfolio manager

Adam Smears, Head of Fixed Income Research, and lead manager for Russell Investments' unconstrained fixed income strategies globally has primary responsibility for the management of the Fund. Mr. Smears has managed the Fund since its inception.

The portfolio manager's role

The Russell Investments portfolio manager is responsible for identifying and selecting the strategies and money managers included in the fund and determining the weight for each assignment. The portfolio manager manages the fund on a daily basis to help keep it on track, 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 some of the tools at the portfolio manager's disposal to help identify opportunities and manage risk.

Target allocation of fund assets

The percentages below represent the target allocation of the Fund's assets to each money manager's strategy and Russell Investment Management, LLC's ("RIM") strategy. This does not include liquidity reserves managed directly by RIM, which may constitute 5% or more of fund assets at any given time.

FIRM NAME	TARGET ALLOCATION
H20 AM LLP	15%
Post Advisory Group, LLC	30%
Putnam Investment Management, LLC	20%
THL Credit Advisors, LLC	20%
Russell Investment Management, LLC (RIM)*	15%

*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. 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.

Unconstrained Total Return Fund

Managers and Strategies Summary

January 2019

NAME	ALLOCATION	INVESTMENT FOCUS	ROLE	DETAILS OF ROLE IN THE FUND
H2O Asset Management	15%	H2O's investment approach employs systematic trades that look to capture cheap ways to benefit from volatility events.	Diversifier	While the yield portion of the Fund is intended to provide a meaningful portion of the Fund's returns, the returns will be adversely affected during market environments where risk assets—such as equity and credit—are out of favor. As a result, H2O's volatility strategy is considered to be a diversifier to the Fund to mitigate this short-term risk.
Post Advisory Group	30%	Post's team focuses on what they believe to be safe, good and cheap high yield investments. They prefer to take credit risk in defensive sectors which leads the portfolio to holding structural overweight positions in healthcare, cable and technology which offer better transparency on cash flow projections.	Yield	Post's short duration high yield strategy applies a total return approach where the team tries to deliver positive returns throughout a credit cycle, using both short duration and a high credit quality portfolio relative to the high yield universe overall.
Putnam Investments	20%	Putnam's strategy primarily emphasizes prepayment risk and securitized credit risk as the key drivers of returns.	Opportunistic	Putnam's 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.
THL Credit	20%	THL incorporates a four-dimensional approach: top down analysis, bottom up research, qualitative analysis and quantitative analysis.	Yield	THL invests largely in U.S. bank loans (a.k.a. "leveraged loans").
Russell Investment Management, LLC	15%	Russell Investments uses a blend of currency and yield strategies in this fund, designed to act as diversifiers.	Positioning strategy	Russell Investments 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. Russell Investments also manages the Fund's cash allocation, which may constitute 5% or more of fund assets at any given time (not included in the percentage on the left).

H20 AM LLP

Firm background

H2O AM LLP is a boutique investment management company focused on global fixed income markets. They provide institutional, corporate and private investors with access to global macro strategies. H2O AM LLP is backed by one of Europe's largest asset managers through their partnership with Natixis Asset Management.

Headquarters: London

Founded: 2010

Lead manager: Vincent Chailley

H2O Asset Management

Asset class: Derivatives

Investment focus: Diversifier, volatility

Number of holdings: 1-10

Manager profile

H2O AM LLP (H2O) was added to the Unconstrained Total Return Fund at its inception in 2016. The strategy is managed by a team of five investment professionals with Vincent Chailley as the lead manager. The team has been managing volatility strategies (using options and market hedges to create an exposure to the movements in asset volatility) since inception of the firm in 2010, as well as when the team was at Amundi.

What this manager brings to the Fund

While the yield portion of the Fund is intended to provide a meaningful portion of the Fund's returns, the returns may be adversely affected during market environments where risk assets—such as equity and credit—are out of favor. Diversifiers, such as H2O's volatility strategy, can help mitigate this short-term risk, and help to generate returns that are less reliant on strong bond market performance. H2O's investment approach employs systematic trades that look to capture cheap ways to benefit from volatility events.

Investment process

H2O's volatility strategy is unique in that it combines a strong macro view with a traditional volatility strategy. Russell Investments believes that the strength of the top down macro views allows H2O to identify when volatility is truly mispriced and when it is reflecting real risks. H2O has built its volatility strategy to dampen the risks inherent to their macro strategy. This strategy is intended to be additive to overall returns due to its historically negative correlations to the yield portfolio. This strategy is implemented entirely via derivatives by buying options on bonds, equities and currencies and hedging the market risk exposures of the underlying equity and bond futures through various derivatives such as forwards and futures. H2O has experienced derivative specialists in equities, bonds and currencies.

Russell Investments' manager analysis

Russell Investments has a high regard for H2O's investment skills and dynamic investment management style. The team has a complementary skill-set and works very closely together. Contrary to many of its peers in the volatility space with a pronounced focus on the equity derivatives market, H2O established a multi-asset volatility strategy that explores investment opportunities in FX derivatives, equity derivatives as well as bond futures and option markets.

Russell Investments expects market shocks to be positive for the performance of the strategy. However, a drawdown could appear when volatility drops regularly as financing the option premiums becomes more challenging.

Post Advisory Group, LLC

Firm background

Post Advisory Group, LLC is a boutique asset manager specializing in global high yield and senior loans. Post manages assets on behalf of institutional investors around the world, including corporate and government pension funds, insurance companies, sovereign wealth funds, foundations, and endowments, as well as high net worth individuals. Post is majority owned by Principal Global Investors. Nippon Life Insurance Company, one of the world's leading insurance companies, is also a shareholder.

Headquarters: Santa Monica, CA

Founded: 1992

Lead manager: Henry Chyung, CIO

Asset class: Fixed income

Investment focus: High yield

Number of holdings: Approx. 100

Manager profile

Post Advisory Group, LLC (Post) was added to the Unconstrained Total Return Fund at its inception in 2016. The strategy is managed by a team of five sector portfolio managers with Henry Chyung, CIO as the lead manager. Each of the five sector portfolio managers oversees sector coverage and idea generations within a respective industry and each is supported by a fifteen-person analyst team.

What this manager brings to the Fund

Post's short duration high yield strategy applies a total return approach where the team tries to deliver positive returns throughout a credit cycle, using both short duration and a high credit quality portfolio relative to the high yield universe overall. The team focuses on what they believe to be safe, good and cheap high yield investments. They have preference to take credit risk in defensive sectors which leads the portfolio holding structural overweight positions in healthcare, cable and technology which offer better transparency on cash flow projections. Furthermore, preferring high quality businesses in attractive industries may provide sufficient levels of downside protection. Bank loans may also be used, generally when they offer competitive values relative to bonds, as opposed to using as a defensive vehicle.

Investment process

Post incorporates rigorous bottom-up fundamental credit research with top-down macro and technical assessments. Each of the sector portfolio managers and supporting analysts generate investment ideas which are analyzed from a variety of angles. Mr. Chyung oversees the entire portfolio with his top down macro inputs.

The team is consistently seeking better relative value opportunities and tactically repositioning the portfolio, particularly during periods of elevated market volatility. As a part of tactical approach to risk management, the team often modifies their investment positioning within the capital structures of many issuers (e.g. sell secured debt and buy unsecured debt or sell longer duration positions and buy shorter duration positions of the same company).

Russell Investments' manager analysis

Mr. Chyung has created an effective decision making structure with a good mix of solid credit underwriting and strong top down skills. Russell Investments views the investment team to have solid depth and believe they possess high caliber investment insights. The team appears to be remarkably nimble in implementing their market views for intermediate investment horizons.

Russell Investments expects that Post's strategy can outperform the market even in negative performing credit markets due to their strong underwriting and active style. Post's emphasis on solid defensive holdings means they may underperform peers during a low-quality market rally where riskier names are favored.

Putnam Investment Management, LLC

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 manager: Mike Salm

Asset class: Fixed income

Investment focus: Mortgage securities

Number of holdings: 60-70

Manager profile

Putnam Investment Management, LLC (Putnam) was added to the Unconstrained Total Return Fund at its inception in 2016. The strategy is 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 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 style of mortgage strategies tend to diversify one another and lead to better risk-adjusted performance. Putnam will utilize derivatives to implement its investment strategy.

Investment process

Putnam's 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. Specifically, they have the unique combination of the following five capabilities: 1) solid macro insights on interest rates, housing dynamics, and prepayment speeds, 2) a firm understanding of the mortgage market landscape, the evolution of mortgage infrastructure, and potential regulatory pitfalls, 3) granular skill in identifying the appropriate structure, outstanding mortgage-backed securities coupons, and agency decisions, 4) quantitative capabilities for modeling prepayment risk and understanding where the broader market is making modeling errors, and 5) an advanced understanding of the mortgage market buyer base and where supply/demand dynamics create pockets of value.

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.

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 as the housing market remains strong; we further expect the conditions for prepayment risk to be favorable should 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 should the housing market weaken.

THL Credit Advisors LLC

Firm background

THL Credit Advisors LLC is an alternative credit investment manager for both direct lending and broadly syndicated investments through public and private vehicles, collateralized loan obligations, separately managed accounts and co-mingled funds. THL is the credit affiliate of Thomas H. Lee Partners, L.P. (THL Partners), one of the oldest and largest growth-oriented private equity firms in the United States.

Headquarters: Boston, MA

Founded: Parent company THL Partners founded in 1974

Lead managers: Jim Fellows, CFA and Brian Good

Asset class: Fixed income

Investment focus: Bank loans

Number of holdings: 100-200

*See definitions on page 7.

Manager profile

THL Credit Advisors, LLC (THL) was added to the Unconstrained Total Return Fund at its inception in 2016. The core members of the investment team have been working together since 1988.

What this manager brings to the Fund

THL invests largely in U.S. bank loans (a.k.a. "leveraged loans"). While THL's strategy generally generates a higher yield than other bank loans (as represented by the Credit Suisse Leveraged Loan Index), it also takes more credit risk. However, THL has demonstrated an ability to de-risk the portfolio at critical junctures in the market cycle. We believe this, coupled with the lower inherent risk of bank loans relative to high yield, makes the THL portfolio a good complement to the yield portion of the Fund. Bank loans are predominantly floating rather than fixed rate investments and typically have more senior status than high yield credit, hence provide better protection against both rising rates and corporate defaults.

Investment process

The team incorporates a four-dimensional approach: top down analysis, bottom up research, qualitative analysis and quantitative analysis. The top down analysis incorporates THL'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 THL's research.

The firm's strategy has a balanced emphasis on both liquid issuers and smaller cap companies. 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 THL's larger peers.

Russell Investments' manager analysis

Russell Investments has been following this manager since 2011, when it was known as McDonnell Investment Management. Russell Investments believes the portfolio managers at THL demonstrate thorough knowledge of the potential risks in their portfolios as well as of the bank loan asset class as a whole. THL'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.

THL is expected to perform well when credit spreads are widening and the market is selling off. THL's strategy can also be aided by rising interest rates. THL will tend to lag in market situations presenting rapidly falling interest rates and tightening credit spreads (a rallying bond market).

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

POSITIONING STRATEGIES

Asset class: Fixed income

Range of holdings: 40-50

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

Manager and strategy oversight

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 Russell Investments 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.

Manager and strategy oversight

RIM manages a portion of the Fund's assets internally to seek to precisely manage the Fund's exposures and achieve the desired risk/return profile for the Fund. During the portfolio construction and management process, the portfolio manager may identify an investment need and seek to address that need with a positioning strategy.

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

RIM uses a blend of currency and yield strategies in this fund, designed to act as diversifiers. The currency factor strategy combines carry, value and trend factors by utilizing currency forwards to seek to generate returns that are uncorrelated with the other yield strategies in the fund. Carry is a factor favoring currencies with higher yields over currencies with lower yields. Value is a factor favoring currencies with higher purchasing power over currencies with lower purchasing price power. Trend is a factor favoring investments/currencies with a positive performance trend over investments/currencies with a negative performance trend. With the yield strategy, using futures, RIM takes long positions in futures of sovereign government bonds where the real, net-of-expected-inflation yield is relatively high. Correspondingly, RIM takes short positions in futures of sovereign government bonds where the real, net-of-expected-inflation yield is relatively low. This strategy has historically low correlations to credit risk and is implemented via derivatives. Positioning strategies may change at any time as market conditions and needs of the fund change.

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 changes in interest rates or market/sector returns by purchasing fixed income securities and/or derivatives (also known as "equitization"), which typically include exchange traded fixed income futures contract and swaps. The Fund invests any remaining cash in an unregistered cash management fund advised by RIM and/or fixed income securities with an average portfolio duration of two years and effective maturities of up to six years.

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.

Money managers listed are current as of January 1, 2019. Subject to the fund's Board approval, Russell Investments has the right to engage or terminate a money manager at any time and without a shareholder vote, based on an exemptive order from the Securities and Exchange Commission. Investments in the Funds are not deposits with or other liabilities of any of the money managers and are subject to investment risk, including loss of income and principal invested and possible delays in payment of redemption proceeds. The money managers do not guarantee the performance of any Fund or any particular rate of return.

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

The investment styles employed by a Fund's money managers may not be complementary. This concentration may be beneficial or detrimental to a Fund's performance depending upon the performance of those securities and the overall economic environment. The multi-manager approach could increase a Fund's portfolio turnover rates which may result in higher levels of realized capital gains or losses with respect to a Fund's portfolio securities, higher brokerage commissions and other transaction costs.

Investments in the Funds are not deposits with or other liabilities of any of the money managers and are subject to investment risk, including loss of income and principal invested and possible delays in payment of redemption proceeds. The money managers do not guarantee the performance of any Fund or any particular rate of return.

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.

While the investment styles employed by the money managers are intended to be complementary, they may not in fact be complementary. A multimanager approach could result in more exposure to certain types of securities and higher portfolio turnover.

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

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.

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: November 2016. Revised January 2019. RIFIS-20975