

SHORT DURATION 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 funds and manage assets not allocated to money managers.

The Fund

The Short Duration Bond Fund's managers focus on the shorter end of the yield curve, which results in an overall lower level of interest rate sensitivity (i.e., duration) versus intermediate or longer duration fixed income funds. In addition, this Fund has quality and sector restrictions that are designed to manage risk while at the same time allow the Fund to achieve a competitive yield. The money managers in this Fund may evaluate investment opportunities based on a macro-economic framework (top-down) or a security specific framework (bottom-up).

Professional asset management is more important in less efficient markets, such as the fixed income market. There are significantly more securities to choose from (as compared to the equity market) and the proliferation of new types of securities requires a deep understanding of this complex market. Russell Investments can augment money managers' mandates to allow those with the right capabilities to purchase new kinds of instruments. This can add value to the Fund. Similarly, Russell Investments can adjust managers' guidelines and restrictions should conditions warrant it. The Fund's benchmark is the ICE BofA US Treasuries 1-3 Year 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	Emerging Market Debt	Securitized	Corporate Bonds	High yield bonds
Scout	•	•	•	•
Western	•	•	•	•

Russell Investments portfolio managers

Gerard Fitzpatrick is Russell Investments' Managing Director, Head of Fixed Income Portfolio Management. In this role, Gerard manages EMEA fixed income funds, and is ultimately responsible for the performance of all of Russell Investments' Fixed Income funds globally. Previously in our London office, Gerard was responsible for the portfolio management of all Russell Investments' global bond funds. Gerard holds a B.B.S. and M.A. graduate degree in Finance and a B.Sc. in Financial Services. Gerard joined the firm in 2007.

Gregory Nott, CFA, is the Senior Director, Head of Multi-Asset for Russell Investments Canada Limited and has managed this U.S.-based Fund since March 2022. Based in Toronto, Greg is responsible for all aspects of investment management, including leading the fixed income and equity investment teams. Greg has more than 22 years of industry experience, holds a B.Comm. (honors) in Finance from Queen's University, and has been with Russell Investments since 1998.

The portfolio managers' 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.

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

Short Duration 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
Scout Investments, Inc.	28%	Follows a top-down, macro-economic approach to investing in the fixed income market.	Generalist	Scout is willing to be assertive on both sides of the market cycle, a trait that Russell Investments rarely finds in a fixed income manager. The firm fills a strong sector rotator role in the Fund.
Western Asset Management Company LLC and Western Asset Management Company Limited	28%	Western's short duration strategy will tactically invest in investment grade and high yield corporates, securitized instruments and emerging market debt.	Generalist	Western's sector selection process is robust, relying on fundamental, scenario, and supply/demand analyses, in addition to bottom-up inputs from the sector heads.
Russell Investment Management, LLC (RIM)*	44%	Utilizes various strategies, including systematic currency, rates and credit factor strategies, as well as a high-quality short duration credit strategy.	Positioning Strategies and Cash Reserves	RIM oversees all investment advisory services in the Fund and manages assets not allocated to money managers. This includes the Fund's systematic currency, rates and credit factor strategies, along with a high-quality short duration credit strategy. 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.

Short Duration Bond Fund

Scout Investments, Inc.

Firm background

Scout Investments, Inc., a global asset manager headquartered in Kansas City, MO, manages equity and fixed income investment strategies for institutions and individual investors. Scout is a subsidiary of UMB Financial Corporation.

Headquarters: Kansas City, MO

Founded: 1982

Lead manager: Mark Egan, CFA

Asset class: Fixed income

Investment focus: Sector rotation

Number of holdings: 200-500

Manager profile

Scout Investments, Inc. (Scout) was added to the Short Duration Bond Fund in 2014. Scout's fixed income strategies are managed by Reams Asset Management (Reams), a division of Scout based in Indianapolis, IN, which was acquired by Scout in 2010. Reams has managed fixed income portfolios for institutional clients since its founding in 1981. Russell Investments has been researching Reams' fixed income capabilities since 1998.

What this manager brings to the Fund

Scout is willing to be assertive on both sides of the market cycle, a trait that Russell Investments rarely finds in a fixed income manager. The firm fills a strong sector rotator role in the Fund.

Investment process

Scout takes a top-down, macro-economic approach to investing in the fixed income market. The firm's investment strategy seeks to maximize total return, minimize risk, and preserve capital utilizing all sectors of the fixed income market. The firm is able to actively sector rotate in an aggressive fashion and may use duration and yield curve tilting strategies but less aggressively than they would in their longer duration strategies given a greater focus on downside risks in their low duration strategies. Scout is a small and nimble firm, which Russell Investments believes contributes to its ability to execute this strategy effectively. The firm's defensive approach to underlying security selection also leads to a bias toward running a more liquid portfolio, allowing the firm to actively move investments around according to their macro views even in stressed market environments.

Scout's investment process is led by Mark Egan who has been with this team since 1990. Mark touches on all the key portfolio decisions but is primarily responsible for macro positioning on interest rates and sectors. Robert Crider and Thomas Fink, each with more than 25 years of investment experience, act as a sounding board and co-idea generators with Mr. Egan on top-down positioning.

Russell Investments' manager analysis

Scout has a long history of successfully managing market turns, and the firm tends to identify and make its decisions early in the market cycle. Russell Investments believes Scout's strategy is valuable in multi-manager portfolios.

Russell Investments expects Scout to perform well when its macro view is correct in anticipating market turns. Scout is expected to face the strongest headwinds just before the turn of a cycle when they've moved early in anticipation of the market cycle.

*See definitions on last page.

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: John Bellows, PhD

Asset class: Fixed income

Investment focus: Sector rotation, security selection

Number of holdings: 400-800

Manager profile

Western Asset Management Company LLC and Western Asset Management Company Limited (Western) was added to the Short Duration Bond Fund in 2021.

What this manager brings to the Fund

Western's short duration strategy will tactically invest in government debt, investment grade and high yield corporates, and emerging market debt. Western's short duration strategy has the added enhancement of being able to allocate risk to their dedicated securitized credit team, which provides diversified exposure to non-agency residential and commercial mortgage credit, collateralized loan obligations (CLOs), as well as consumer asset backed securities (ABS).

Investment process

Western takes a broad market approach to its discreet short duration fixed income strategy. Western's strategy is managed by John Bellows, PhD, formerly of the U.S. Department of the Treasury and U.S. Office of Economic Policy.

Western has a large credit research team dedicated to covering investment grade and high yield corporate bonds as well as asset-backed and mortgage-backed securities on a global basis. Western's sector selection process is robust, relying on fundamental, scenario, and supply/demand analyses, in addition to bottom-up inputs from the sector heads.

Russell Investments' manager analysis

Western has a robust investment process in terms of caliber of investor leadership, access to and management of sub-sectors, and overall philosophy with regard to their short duration fixed income strategy. Security selection is an important source of expected outperformance for global portfolios and we believe Western has adequate capabilities in this area.

Russell Investments expects the portfolio performance to be more correlated to the overall credit market as the product tends to allocate meaningfully to various credit sectors.

*See definitions on last page.

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, Russell Investments' management, and Hamilton Lane Incorporated. 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

Investment focus: U.S. Treasuries, short duration fixed income, currency

Number of holdings: 200-300

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 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 to seek excess return and manage portfolio risks by targeting specific exposures. These strategies are used in conjunction with allocations to third-party active managers to fully reflect Russell Investments' strategic and dynamic insights with integrated liquidity and risk management.

The Fund currently uses the following positioning strategies: currency, rates and credit systematic factor strategies; as well as fundamental high-quality short duration credit strategy. The currency factor strategy uses 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. Russell Investments believes that a currency factor strategy serves as a diversifier and another potential source of return in fixed income portfolios, especially in periods where the medium-term return outlook is more challenging for credit than it has been in the past. Using government rates futures, the rates factor strategy will take long positions in high quality government bonds whose yields, net of forward-looking inflation, are expected to be relatively high as well as in those government bonds whose yield curves are relatively steeper. The strategy will also short interest rate risk by taking short futures positions where net-of-inflation yield is expected to be relatively low and yield curves are relatively flatter. This strategy serves as another potential return source and strives to improve diversification given its historically low correlations to both credit excess returns and currency factor returns. The credit factor strategy seeks to over(under)-weight corporate bonds that are deemed under(over)-valued. Positioning strategies may change at any time as market conditions and needs of the Fund change. The high-quality short duration credit strategy strives to generate performance consistent with investment grade U.S. corporate bonds and securitized instruments with an aggregate duration less than three years.

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 contracts 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.

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 August 1, 2022. 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.

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. In an effort to diversify and/or manage risk for the Fund, Russell Investments may incorrectly assess portfolio characteristics causing the fund to underperform.

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.

Skill sets definitions:

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 volatility and higher risk of default than investment grade bonds.

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

The BofA Merrill Lynch US Treasuries 1-3 Year Index is an index representative of coupon-bearing U.S. Treasury debt with terms to maturity of at least one year.

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, with a significant minority stake held by funds managed by Reverence Capital Partners. Russell Investments' employees and Hamilton Lane Advisors, LLC also hold minority, non-controlling, ownership stakes.

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