

U.S. STRATEGIC EQUITY FUND

Money Manager and Russell Investments Overview



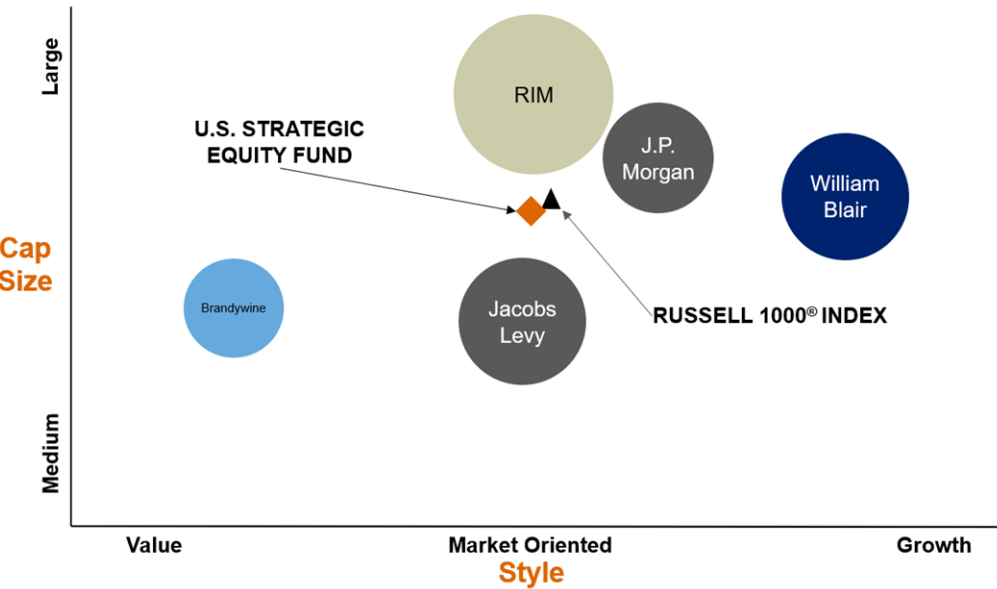
Russell Investments' approach

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 U.S. Strategic Equity Fund seeks to provide long-term capital growth. It has a mix of managers that focus on growth, value, market-oriented and defensive and dynamic styles in the U.S. large and mid-cap equity space. 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. By adjusting allocations among managers, we seek to manage risks based on our outlook for the economy and capital markets. The Fund's benchmark is the Russell 1000® Index.

Fund mosaic



This mosaic depicts, at a specific point in time, the approximate relative weighting of the managers and strategies within the Fund plotted on the basis of cap size and style against fund benchmark (▲). Positions on this mosaic change over time as allocations and holdings change. The circle size represents the relative size of each allocation in the Fund. Russell Investment Management, LLC (RIM) manages the Fund's liquidity reserves and may manage assets to effect the Fund's investment strategies and/or to modify the Fund's overall portfolio characteristics to seek to achieve the desired risk/return profile for the Fund.

Russell Investments portfolio manager(s)

Nick Haupt, CFA, is Portfolio Manager, Equity with primary responsibility for Russell Investments' U.S. equity strategies. Prior to assuming portfolio management responsibilities, Nick worked as an associate portfolio manager where he was responsible for helping drive the portfolio construction and management of U.S. equity strategies. Nick holds a B.A. in Business and Finance and an M.S. graduate degree in Data Science. Nick has been with Russell Investments since 2011.

Megan Roach, CFA, is a Senior Director, Co-Head of Equity Portfolio Management. She is accountable for asset class strategy, portfolio construction, manager selection, and dynamic risk management to help clients achieve their long-term objectives. Prior to assuming portfolio management responsibilities, Megan served on the small cap manager research team from 2005 to 2015, including acting as head of research for the asset class starting in 2013. Megan holds a B.A. in Finance and an M.B.A. in Investment Management. Megan has been with Russell Investments since 2004.

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.

U.S. Strategic Equity Fund

Target allocation of fund assets and Managers and Strategies Summary

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
Brandywine Global Investment Management, LLC*	12%	Uses a process that relies on fundamental analysis, using quantitative screens and internal research.	Value	Brandywine is an opportunistic relative value manager. The strategy focuses primarily on deep value stocks but may include certain moderately valued stocks when they have been in favor due to positive fundamental trends at the industry and/or company-specific level.
J.P. Morgan Investment Management, LLC*	14%	Uses broad research-based stock selection with disciplined portfolio construction.	Large Cap Core	The firm uses a disciplined approach to construct the portfolio. Stock selection is based on a dividend discount model and research analysts' proprietary inputs.
Jacobs Levy Equity Management, Inc.	17%	Uses a multi-factor model to seek to exploit three areas of market inefficiency: economic, psychological and company level valuation.	Large Cap	Jacobs Levy's portfolio exposures are based on intensive modeling, financial research and behavioral theory, and quantitative and statistical methods in order to identify and benefit from market inefficiencies. The process seeks to disentangle reliable predictors of future stock price behavior and then build portfolios that will benefit from the future outperformance of those factors.
William Blair Investment Management, LLC*	17%	Prefers stocks with high financial quality that are expected to generate sustainable, above market growth that is not well understood by the market.	Large Cap Growth	William Blair invests in stocks that RIM believes can generate better than average returns by compounding earnings growth at a higher-than-average rate. Sustainability of that growth is evaluated through a research process that focuses on industry level market growth, as well as the strength of business models and key differentiators at the stock level.
Russell Investment Management, LLC (RIM)**	40%	The active positioning strategy in this Fund allows the Russell Investments Portfolio Managers 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 Managers.	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 strategy, which helps the Fund to achieve its desired risk/return profile. RIM also manages the Fund's liquidity reserve.

*Indicated managers are non-discretionary managers. RIM manages these portions of the Fund's assets based upon model portfolios provided by the managers.

**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.

Brandywine Global Investment Management, LLC

Firm background

Brandywine Global Investment Management, LLC offers a broad array of fixed income, equity, alternatives, and asset allocation strategies that seek value across global markets. The firm is a wholly owned, independently operated subsidiary of Legg Mason, Inc. and is headquartered in Philadelphia with office locations in San Francisco, Montreal, Toronto, Singapore, and London.

Headquarters: Philadelphia, PA

Founded: 1986

Lead manager: Patrick Kaser, Celia Rodgers Rodgers

Asset class: U.S. equity

Number of holdings: 50-75

Capitalization level: Large cap

Manager profile

Brandywine Global Investment Management, LLC (Brandywine) was added to the U.S. Strategic Equity Fund in 2015. Brandywine is a non-discretionary money manager in the Fund. The strategy is led by portfolio manager Patrick Kaser, co-portfolio manager Celia Rodgers, and director of research Jim Clarke.

What this manager brings to the Fund

Brandywine is an opportunistic relative value manager. The strategy focuses primarily on deep value stocks but may include certain moderately valued stocks when they have been in favor due to positive fundamental trends at the industry and/or company-specific level.

Investment process

Brandywine uses an approach that relies significantly on fundamental analysis. Brandywine builds a portfolio based on quantitative screens and internal research. The firm has a broad definition of value, and Russell Investments believes it considers a broader universe of stocks than most other dividend-oriented managers. The firm also looks for above-average yields within industries and generally excludes companies that do not pay dividends at the time of purchase. Dividend paying companies receive greater emphasis.

Rigorous fundamental analysis is conducted to identify those companies the firm believes have the best potential to benefit the portfolio. Within the universe of undervalued securities, the firm seeks to identify the best combination of valuation characteristics, earnings growth, and quality. Conclusions are based on a company's financial condition, competitive position in its industry, and quality of management. Close attention is paid to the cash flow statement in order to evaluate the strength and security of the dividend. Brandywine also focuses on long-term macroeconomic conditions and industry trends to identify and measure the risks associated with a company's business.

Russell Investments' manager analysis

Russell Investments believes Brandywine is small enough to allow for efficient communication and implementation while having the critical mass to be well resourced and financially stable.

The firm's strategy is expected to perform well when stocks that tend to have lower valuation ratios than the index do well. The strategy is expected to struggle in a flight to quality scenario when the market begins expecting recession-like, risk-off.

J.P. Morgan Investment Management, LLC

Firm background

J.P. Morgan Investment Management Inc. is an asset manager providing services to institutions, individuals and financial intermediaries, worldwide.

Headquarters: New York, NY

Founded: 1871

Lead manager: Scott Davis, Shilpee Raina

Asset class: U.S. equity

Number of holdings: 50-65

Capitalization level: Large cap

Manager profile

J.P. Morgan Investment Management Inc. (J.P. Morgan) was added to the U.S. Strategic Equity Fund in 2022. J.P. Morgan is a non-discretionary money manager in the Fund. Co-portfolio managers, Scott Davis and Shilpee Raina, lead this market-oriented manager assignment at J.P. Morgan.

What this manager brings to the Fund

The firm uses a disciplined approach to construct the portfolio. Stock selection is based on the firm’s valuation framework driven by its research analysts’ proprietary estimates of normalized earnings, cash flow and growth rates.

Investment process

The firm seeks to achieve investment results through stock selection grounded in their proprietary fundamental research and disciplined portfolio construction. Individual securities are ranked within industry sectors on the attractiveness of their valuations, using a discounted cash flow framework. The earnings and cash flow estimates are entered into the discounted cash flow model together with current stock prices. The valuation model then computes an expected rate of return for each stock, which is used to rank securities across sectors. The portfolio managers work closely with J.P. Morgan’s analysts to select the stocks with the highest expected returns, seeking to emphasize stock selection while minimizing unintended factor and sector exposures.

Russell Investments’ manager analysis

J.P. Morgan will likely perform best in market environments where long-term fundamental expectations are rewarded. The strategy is expected to be challenged in market environments driven by macro shocks or periods during which valuations are largely ignored.

Jacobs Levy Equity Management, Inc.

Firm background

Jacobs Levy Equity Management, Inc. is an independent quantitative equity manager focused exclusively on U.S. equity portfolios.

Headquarters: Florham Park, NJ

Founded: 1986

Lead managers: Bruce Jacobs, Ken Levy

Asset class: U.S. equity

Number of holdings: 80-300

Capitalization level: Large cap

Manager profile

Jacobs Levy Equity Management, Inc. (Jacobs Levy) was added to the U.S. Strategic Equity Fund at the Fund’s launch in 2012. Jacobs Levy is a discretionary money manger in the Fund. Firm founders, Bruce Jacobs and Ken Levy are responsible for the firm’s investment process.

What this manager brings to the Fund

Jacobs Levy’s portfolio exposures are based on intensive modeling, financial research and behavioral theory, and quantitative and statistical methods in order to identify and benefit from market inefficiencies. The process seeks to disentangle reliable predictors of future stock price behavior and then build portfolios that will benefit from the future outperformance of those factors.

Investment process

Jacobs Levy uses a proprietary multidimensional investment approach to evaluate a broad universe of U.S. equities, including the stocks in the Russell 1000® Index. The process also considers each security’s contribution to overall portfolio diversification. The ability to short up to 30% of the portfolio with the 130/30 strategy permits more meaningful security underweights in the strategy. This is expected to add value relative to a long-only assignment.

Jacobs Levy’s investment approach is based on the belief that the market is a complex system and that intensive modeling, combined with human insight and intuition, finance and behavioral theory, and quantitative and statistical methods can be used to identify and benefit from market inefficiencies. A key component of this multidimensional approach is the proprietary process of “disentangling” return-predictor relationships. Disentangling evaluates market inefficiencies, stock attributes, and industry affiliations simultaneously in a unified framework by separating each potential source of return from the background noise created by other factors. Jacobs Levy believes that the resulting additive “pure” effects can provide more reliable predictions of future stock price behavior than the “naïve” effects from simple factors.

The firm’s security evaluation process entails sophisticated modeling of large numbers of stocks and proprietary factors using financial statements, security analyst forecasts, corporate management signals, economic releases, and security prices. Jacobs Levy believes that modeling based on reasonable, intuitive relationships between both fundamental and behavioral factors and stock prices results in a multidimensional security selection process that can offer deep analysis across a wide breadth of securities. The process is designed to be dynamic and forward-looking, which can help the process adjust to ever changing equity market environments and opportunities.

Russell Investments’ manager analysis

Based on Russell Investments’ analysis, Jacobs Levy’s strategy is expected to perform best during periods favoring mid cap stocks and/or more moderately valued stocks. Conversely, we expect Jacobs Levy’s strategy to face headwinds when mega cap stocks and/or higher growth stocks outperform. Russell Investments believes the dynamic nature of Jacobs Levy’s factor exposures does tend to lead to less persistent scenario-dependence compared to many quantitative peers.

William Blair Investment Management, LLC

Firm background

William Blair Investment Management, LLC focuses solely on active management and employs disciplined, analytical processes across a wide range of strategies, including U.S. equity, non-U.S. equity, U.S. fixed income, emerging markets debt, and multi-asset.

Headquarters: Chicago, IL

Founded: 1935

Lead managers: David Ricci, Jim Golan

Asset class: U.S. equity

Number of holdings: 30-40

Capitalization level: Large cap

Manager profile

William Blair Investment Management, LLC (William Blair) was added to the U.S. Strategic Equity Fund in 2022. William Blair is a non-discretionary money manager in the Fund. Strategy decisions are made in tandem by portfolio managers David Ricci and Jim Golan.

What this manager brings to the Fund

William Blair invests in stocks that can generate better than average returns by compounding earnings growth at a higher-than-average rate. Sustainability of that growth is evaluated through a research process that focuses on industry level market growth, as well as the strength of business models and key differentiators at the stock level.

Investment process

Since William Blair believes that the market tends to focus on near-term earnings results, they seek stocks that can generate higher than average growth over a 2–3-year period, where the growth sustainability is not well understood by the market. The team assesses whether growth is under-appreciated by considering the valuation of a stock and attempting to understand consensus revenue and earnings expectations. The team focuses on two main types of quality growth; the first being stocks with higher than average, sustainable earnings growth rates, high earnings visibility, and reasonable valuations and the second being stocks with long-term sustainable growth but are experiencing near-term earnings weakness and discounted valuations.

Russell Investments' manager analysis

This firm's strategy is expected to perform well in periods of moderate to decelerating economic growth and the strategy is expected to be challenged in periods where the market is experiencing periods of unusually high, relatively unsustainable growth, commonly seen in the early stages of an economic recovery.

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: U.S. equity

Number of holdings: 150-200

Capitalization level: Large cap

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 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.

The positioning strategy used in this Fund is a dedicated portion of the Fund assets that can be rebalanced as needed by the portfolio manager to keep the total portfolio aligned with Russell Investments' strategic beliefs (e.g. value, momentum, quality and volatility) as well as the Fund's preferred positioning. This allows the portfolio manager to express Russell Investments' views across multiple factor and industry exposures simultaneously while regularly adapting to changing markets and manager portfolios.

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 January 1, 2023. 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.

Market-oriented investments are generally subject to risks similar to that of both growth and value style investing.

Value investments focus on stocks of income-producing companies whose price is low relative to one or more valuation factors, such as earnings or book value. Such investments are subject to risks that their intrinsic values may never be realized by the market, or, such stock may turn out not to have been undervalued. Investors should carefully consider the additional risks involved in value investments.

Growth investments focus on stocks of companies whose earnings/profitability are accelerating in the short term or have grown consistently over the long term. Such investments may provide minimal dividends which could otherwise cushion stock prices in a market decline. Stock value may rise and fall significantly based, in part, on investors' perceptions of the company, rather than on fundamental analysis of the stocks. Investors should carefully consider the additional risks involved in growth investments.

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.

Large capitalization (large cap) investments generally involve stocks of companies with a market capitalization based on the Russell 1000® Index. 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.

Dynamic style emphasizes investments in equity securities of companies that are believed to be currently undergoing or are expected to undergo positive change that will lead to stock price appreciation. Dynamic stocks typically have higher than average stock price volatility, characteristics indicating lower financial quality (which may include greater financial leverage) and/or less business stability.

Defensive style emphasizes investments in equity securities of companies that are believed to have lower than average stock price volatility, characteristics indicating high financial quality, (which may include lower financial leverage) and/or stable business fundamentals.

A short sale will result in a loss if the price of the security sold short increases between the date of the short sale and the date on which the borrowed security must be returned. Short sales may give rise to a form of leverage. Leverage tends to exaggerate the effect of any increase or decrease in the value of portfolio securities.

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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