

U.S. STRATEGIC EQUITY FUND

Money Manager and Russell Investments Overview



June 2019

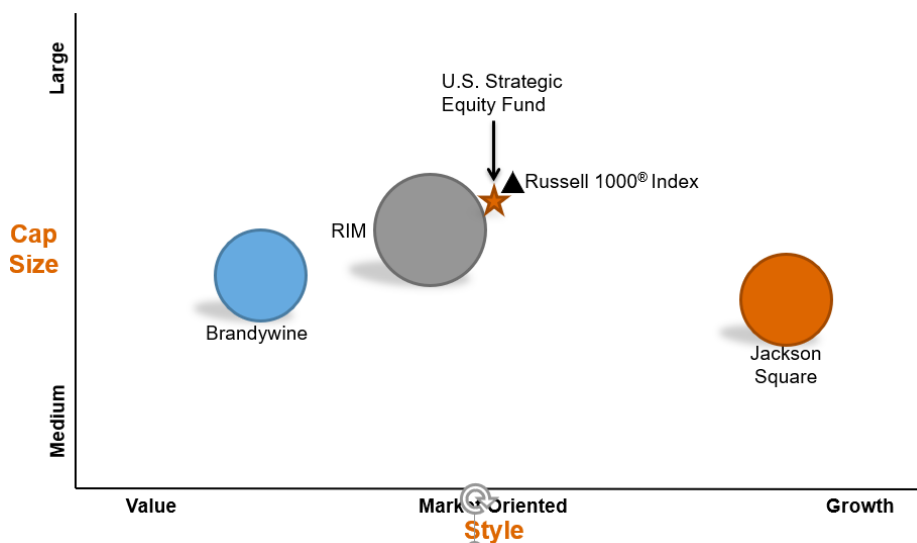
Russell Investments' approach

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 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 (as of June 2019)



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 Investments portfolio managers

Kevin Divney is a Senior Portfolio Manager with primary responsibility for Russell Investments' U.S. large cap equity funds. He has more than 24 years of experience in the investment industry, including nearly 20 years managing U.S. equity portfolios for pension funds, endowments, mutual funds and hedge funds.

Megan Roach, CFA, is a Senior Portfolio Manager with primary responsibility for Russell Investments' U.S. equity funds. 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 since 2013. Megan holds a BA in finance and an MBA in investment management. Megan has been with Russell Investments since 2004.

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.

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 as of 6/10/19. This does not include liquidity reserves managed directly by RIM, which may constitute 5% or more of fund assets at any given time. RIM may change a Fund's asset allocation at any time, including not allocating Fund assets to one or more money manager strategies.

30%	Brandywine Global Investment Management, LLC*
0%	HS Management Partners, LLC*
30%	Jackson Square Partners, LLC*
0%	Jacobs Levy Equity Management, Inc.
40%	Russell Investment Management, LLC (RIM)**





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

**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. This includes the Fund's positioning strategy, which is used to seek excess return and manage portfolio risks by targeting specific exposures. This strategy is used in conjunction with allocations to managers to fully reflect Russell Investments' strategic and dynamic views with integrated liquidity and risk management.

U.S. Strategic Equity Fund

Managers and Strategies Summary

June 2019

NAME	ALLOCATION	INVESTMENT FOCUS	ROLE	DETAILS OF ROLE IN THE FUND
	30%	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.
	0%	Uses a focused, bottom-up, fundamental approach to identify stocks of companies with attractive valuations that exhibit sustainable earnings and free cash flow growth.	Growth	HS Management seeks to assemble and maintain a portfolio whose earnings stream grows each year at a pace that exceeds average corporate profit growth in most time periods. They seek to balance growth and valuation to deliver superior long-term returns, while effectively mitigating portfolio risk.
	30%	Seeks to achieve attractive long-term returns through a concentrated portfolio of companies that exhibit superior management, consistent business models, strong earnings potential and cash flow, and the opportunity to increase intrinsic business value.	Growth	Through a well-defined research process, Jackson Square's investment team develops a deep understanding of portfolio holdings including business models, competitive advantages, and the drivers of returns on capital and long-term growth. This thorough fundamental research helps the investment team identify whether a company's business model provides it with a long-term and sustainable competitive advantage.
	0%	Uses a multi-factor model to seek to exploit three areas of market inefficiency: economic, psychological and company level valuation.	Market-oriented	Jacobs Levy provides defensive exposure 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.
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 strategy	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 reserves, which may constitute 5% or more of Fund assets at any given time (not included in the percentage cited on the left).

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



Asset class: U.S. Equity

Number of holdings: 50-75

Capitalization level: Large cap

Sub-style: Broad value

Manager profile

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

Brandywine is a non-discretionary money manager in the fund. In this capacity, Brandywine provides a model portfolio to Russell Investment Management Company representing its investment recommendations, based upon which Russell Investments purchases and sells securities for the fund. Russell Investments may deviate from the model portfolio provided by Brandywine, but generally intends to implement the portfolio as provided by Brandywine.

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

HS Management Partners, LLC

Firm background

HS Management Partners, LLC is a boutique equity manager focused exclusively on a concentrated quality growth strategy. They manage accounts for charitable organizations, pension and profit sharing plans and high net worth individuals, and act as a sub-adviser with respect to assets of pooled investment vehicles.

Headquarters: New York, NY

Founded: 2007

Lead manager: Harry Segalas



Asset class: U.S. Equity

Number of holdings: 20-25

Capitalization level: Large cap

Sub-style: Consistent growth

Manager profile

HS Management Partners, LLC (HS Management) was added to the U.S. Strategic Equity Fund in 2018. Chief Investment Officer Henry Segalas, drives all investment decisions and is supported by an investment team focused on fundamental research.

What this manager brings to the Fund

HS Management provides the Fund with large cap, consistent growth exposure. HS Management's strategy generally invests in stocks of companies with attractive valuations that exhibit sustainable earnings and free cash flow growth. They seek to balance growth and valuation to deliver superior long-term returns, while effectively mitigating portfolio risk.

Investment process

HS Management uses a focused, bottom-up, fundamental approach to identify stocks of companies with attractive valuations that exhibit sustainable earnings and free cash flow growth. They aim to invest in a concentrated portfolio of 20-25 large capitalization quality growth stocks of companies that they believe to have strong management teams, exceptional business models, sustainable franchises, and enduring competitive advantages.

The investment team interacts regularly to discuss thoughts, ideas and incremental research on its focus list of companies. Investment ideas come from many sources, such as trade periodicals, conferences, newspapers, blogs, sell-side research, industry contacts, and general observations of attractive businesses. New ideas with attractive investment potential are placed on their focus list. HS Management's focus list tends to include 200-300 companies with a minimum capitalization size of \$1 billion and within the consumer staples and discretionary, front-end technology, business services, health care, media and telecom industries. This list is narrowed down to a 50 stock Focus list, in which the investment team identifies key areas, which are unique to the company, which will drive its projected earnings stream. The team then conducts more intense and multi-faceted targeted research, including financial modeling to capture the projected earnings growth and outlook for each company. Stocks with the most compelling combination of fundamentals and valuation are selected to be invested in.

Russell Investments' manager analysis

Russell Investments has strong conviction in the broad experience and knowledge base of HS Management's senior investment team that is led by their Chief Investment Officer, Harry Segalas. Russell Investments believes HS Management's strategy is differentiated by robust idea generation and greater valuation emphasis than most consistent growth managers.

Based on Russell Investments' analysis, HS Management's strategy is likely to perform best during periods of declining economic growth and in market environments that favor low beta growth stocks. It may lag during periods of accelerating economic growth when commodity-oriented and/or high beta stocks lead the market upward.

Jackson Square Partners, LLC

Firm background

Jackson Square Partners, LLC is a majority employee-owned boutique that manages long-only growth-oriented strategies primarily for institutional investors and consultants.

Headquarters: San Francisco, CA

Founded: 2014

Portfolio managers: Chris Bonavico, Chris Ericksen, Billy Montana, Dan Prislin, and Jeff Van Harte



Asset class: U.S. Equity

Number of holdings: 25-35

Capitalization level: Large cap

Sub-style: Growth

Manager profile

Jackson Square Partners, LLC (Jackson Square) was added to the U.S. Strategic Equity Fund in 2019. Chris Bonavico, Chris Ericksen, Billy Montana, Dan Prislin and Jeff Van Harte are the portfolio managers for the strategy.

What this manager brings to the Fund

Jackson Square brings a U.S. large cap growth strategy to the Fund. They seek to invest in attractively-priced stocks that they expect to benefit from capital appreciation resulting from growth in cash flow and earnings.

Investment process

Through a well-defined research process, the investment team develops a deep understanding of portfolio holdings including business models, competitive advantages, and the drivers of returns on capital and long-term growth. This thorough fundamental research helps the investment team identify whether a company's business model provides it with a long-term and sustainable competitive advantage. Jackson Square's approach is benchmark agnostic, holding a concentrated portfolio of high conviction stocks.

Russell Investments' manager analysis

The portfolio managers are viewed by Russell Investments as a disciplined and highly experienced team of investors. Russell Investments believes the investment team's willingness to explicitly adjust its valuations to reflect company-specific risk positively differentiates them from most peers.

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, Ph.D.
Ken Levy, CFA



Asset class: U.S. Equity

Number of holdings: 80-200

Capitalization level: Large cap

Sub-style: Market-oriented

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. Bruce Jacobs Ph.D. and Ken Levy, CFA are responsible for the firm's investment process. They are supported by a team of experienced research professionals who are continually researching areas of potential enhancement to the process.

What this manager brings to the Fund

Jacobs Levy provides defensive exposure 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[®] Defensive[™] Index. The process also considers each security's contribution to overall portfolio diversification.

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, 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 the equity market's changing environments and opportunities.

Russell Investments' manager analysis

Russell Investments has been following Jacobs Levy since 1989. Jacobs Levy has a strong commitment to ongoing research and innovation, which is motivated by the team's belief that continual process enhancement is critical for long-term success.

Based on Russell Investments' analysis, Jacobs Levy's defensive strategy is expected to perform best, relative to the broad market, during negative market environments characterized by "flight to quality." The strategy is expected to underperform when the market is not rewarding valuation or measures of fundamental improvement.

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 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 strategy

Asset class: U.S. Equity

Number of holdings: Approximately 200

Capitalization level: Large cap

Russell Investment Management, LLC (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 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 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 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 Russell Investments.

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 June 10, 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. Russell Investment Management, LLC ("RIM") may change a Fund's asset allocation at any time, including not allocating Fund assets to one or more money manager strategies. Although all of the Fund's money managers are listed, RIM may not have allocated assets to the strategies employed by one or more of these money managers. 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.

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.

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

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.

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.

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.

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.

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.

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

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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