

Multi-Strategy Income Fund

QUARTERLY COMMENTARY – 1st Quarter 2020

Highlights

Performance

The Fund (Class S) finished the first quarter of 2020 down -14.77% on an absolute basis.

- **What worked** – Government Bonds, Cash
- **What didn't work** – U.S. Small Cap Equity, Global REITs, Emerging Markets Equity, Commodities

Positioning

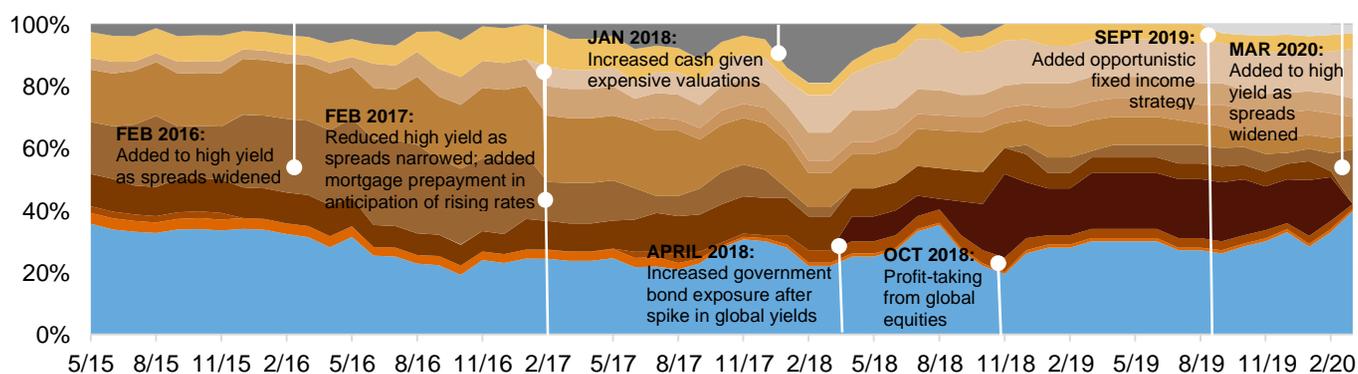
In the wake of extreme market volatility, the Fund seized the opportunity to increase overall equity exposure. The Fund still prefers exposure to non-U.S. equity markets but has added to U.S. equity exposure upon improved valuations that derived

from the current market environment. Additionally, value stocks are preferred over growth stocks given the market environment and extreme valuation spread between the two.

Within fixed income, the Fund increased its allocation to high yield instruments, while reducing exposures to government and investment grade bonds. Widening credit spreads over the quarter provided a favorable outlook in high yield going forward.

Overall, the Fund's risk levels are slightly above long-term strategic levels due to tactical adjustments that increased risk in the wake of the sizable market sell-off during March.

Asset allocation in action



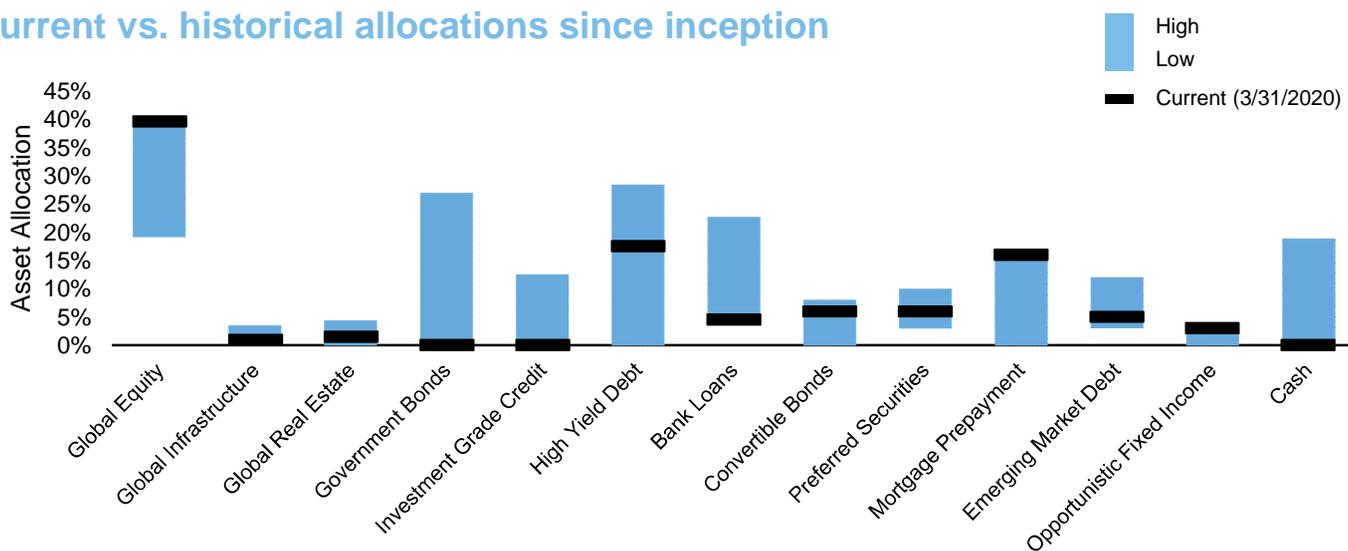
| | As of 3/31 | As of 12/31 | Historical range |
|--|------------|-------------|------------------|
| Equity | 40% | 33% | |
|  Global Equity | 40% | 33% | 19 - 10% |
| Alternatives | 2% | 3% | |
|  Global Infrastructure | 1% | 1% | 1 - 4% |
|  Global Real Estate | 1% | 2% | 0 - 4% |
| Fixed Income | 58% | 64% | |
|  Government Bonds | 0% | 14% | 0 - 27% |
|  Investment Grade Credit | 0% | 5% | 5 - 12% |
|  High Yield Debt | 17.5% | 3.5% | 0 - 28% |
|  Bank Loans | 4.5% | 5% | 8 - 23% |
|  Convertible Bonds | 6% | 8% | 0 - 8% |
|  Preferred Securities | 6% | 6.5% | 3 - 10% |
|  Mortgage Prepayment | 16% | 13% | 0 - 17% |
|  Emerging Market Debt | 5% | 5.5% | 4 - 12% |
|  Opportunistic Fixed Income | 3% | 3.5% | 0 - 3.5% |
| Absolute Return | 0% | 0% | |
|  Cash* | 0% | 0% | 0 - 19% |

Russell Investments Portfolio Managers monitor the underlying positions and risk exposures daily and can shift asset class allocations in response to market – and valuation – changes and opportunities.

Actual allocations of the Fund may vary. Does not include liquidity reserves managed directly by Russell Investments, which may include 5% or more of fund assets.

*Percentages generally include the impact of derivatives. Actual cash levels may differ than illustrated if serving as collateral for the Fund's derivative exposures.

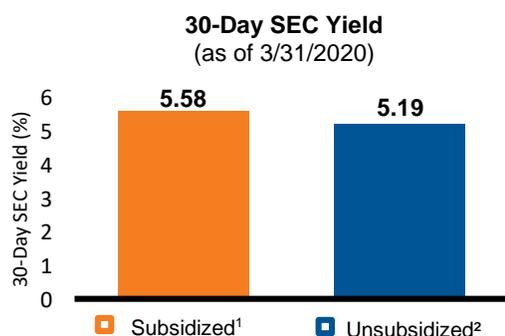
Current vs. historical allocations since inception



Performance review

| As of March 31, 2020 | Annualized (%) | | | | | | | | Annual Fund Operating Expenses Effective 03/01/2020 | |
|--|----------------|----------|--------|--------|---------|---------|----------|--------------------------|---|-------|
| | 1 month | 3 months | YTD | 1 year | 3 years | 5 years | 10 years | Since Inception (5/1/15) | Total ‡ | Net ‡ |
| Multi-Strategy Income Fund – Class S†.(b) | -11.25 | -14.77 | -14.77 | -10.38 | -1.32 | - | - | 0.48 | 1.12 | 0.78 |
| ICE BofAML Global High Yield 2% Constrained Index (USD Hedged) | -12.68 | -13.53 | -13.53 | -7.34 | 0.66 | 3.08 | 5.81 | n/a | n/a | n/a |
| Morningstar Allocation 30-50% Equity Category | -9.50 | -12.29 | -12.29 | -6.02 | 0.62 | 1.49 | 3.74 | n/a | n/a | n/a |

Performance information is historical and does not guarantee future results. Investment return and principal value will fluctuate so that redeemed shares may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted. Current to the most recent month-end performance for Russell Investments mutual funds is available by visiting: russellinvestments.com/us/funds/performance-prices.



¹The Fund's current yield for the 30-day period ending 3/31/2020.

²The yield shown is what the yield would have been without the current fee waivers and expense reimbursements (unsubsidized), for the period ending 3/31/2020.

Source: Russell Investments and Morningstar Direct

† Performance is net of fees for class shown.

‡ The Annual Net Operating Expense may be less than the Annual Total Operating Expense and represents the actual expenses expected to be borne by shareholders after application of: (b) a contractual cap and reimbursement on expenses through February 28, 2021. These contractual agreements may not be terminated during the relevant periods except at the Board of Trustee's discretion.

About the Fund

Investment goal

The Fund seeks to provide a high level of current income and, as a secondary objective, long-term capital growth.

Fund highlights

- **A diversified approach** that seeks to **balance income and growth**
- **Access to specialist, third-party money managers** who Russell Investments has researched and identified
- **Dynamically adapts** to changing market conditions

Manager spotlight



Asset class: Fixed Income

Role: Mortgages/Opportunistic fixed income

What this manager brings to the Fund

Putnam brings two strategies to the Fund: a mortgage strategy and an opportunistic fixed income strategy. Putnam's mortgage strategy seeks 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 styles of mortgage securities tend to diversify one another and lead to better risk-adjusted performance. Putnam will utilize derivatives to implement its investment strategy. Putnam's opportunistic fixed income strategy—which is a tail-risk hedging strategy against risk-off market events and subsequent flight to fixed income securities—is designed to benefit from increases in interest rate volatility. Russell Investments worked closely with Putnam to create this strategy for the Fund.

Russell Investments' Manager Analysis

Putnam's mortgage strategy is managed by Michael Salm, co-Head of Fixed Income Investments. Mike also manages the opportunistic fixed income strategy, together with Matthew Walkup and James Wang, two macro strategists. Mike'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 views Michael as a thoughtful and experienced fixed income investor with in-depth knowledge in derivatives and volatility markets.

Manager allocation

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

| Firm Name | Role | Target Allocation | Year Assigned |
|---|---------------------------------------|-------------------|---------------|
| Boston Partners Global Investors, Inc. * | U.S. Equity - Small Cap Value | 3.0% | 2017 |
| Cohen & Steers Capital Management, Inc. † | Global Real Estate and Infrastructure | 15.0% | 2015 |
| GLG LLC | Emerging Market Debt | 10.0% | 2017 |
| Invesco Advisers Inc.* | Global Equity | 6.0% | 2017 |
| Janus Capital Management LLC and Perkins Investment Management, LLC * | Global Equity | 7.0% | 2015 |
| Kopernik Global Investors, LLC * | Global Equity | 3.0% | 2016 |
| Oaktree Capital Management, L.P. | Convertibles | 6.0% | 2017 |
| Putnam Investment Management, LLC | Mortgages/Opportunistic Fixed Income | 19.0% | 2015 |
| Sompo Japan NipponKoa Asset Management Co., Ltd. * | Japan Equity – Large Cap Value | 6.0% | 2018 |
| First Eagle Alternative Credit, LLC*** | Bank Loans | 14.0% | 2015 |
| Russell Investment Management, LLC (RIM) ** | Positioning Strategies | 11.0% | 2015 |

*Non-discretionary money manager. Russell Investment Management, LLC (RIM) manages this portion of the Fund's assets based upon a model portfolio provided by the money manager. RIM manages this portion of the Fund 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. ***First Eagle Alternative Credit, LLC acquired THL Credit Advisors LLC effective January 31, 2020.

**Russell Investment Management, LLC (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.

†Cohen & Steers Capital Management, Inc. refers to Cohen & Steers Capital Management, Inc. (New York, NY), Cohen & Steers UK Limited (London, UK) and Cohen & Steers Asia Limited (Central Hong Kong). This money manager has both discretionary and non-discretionary assignments within the Fund. RIM manages the non-discretionary portion of the Fund's assets based upon a model portfolio provided by the money manager.

Money Managers listed are current as of March 31, 2020. Subject to the Fund's Board approval, Russell Investment Management, LLC 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 or redemption proceeds. The money managers do not guarantee the performance of any Fund or any particular rate of return.

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

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.

Important Information

Diversification and strategic asset allocation do not assure profit or protect against loss in declining markets. Mutual Fund investing involves risk. Principal loss is possible.

Indices are unmanaged and cannot be invested in directly. Index returns represent past performance and are not a guarantee of future performance.

Morningstar Allocation 30-50% Equity Category:

Index definitions: **ICE BofAML Global High Yield 2% Constrained Index (USD Hedged):** Tracks the performance of below-investment grade corporate debt denominated in US dollars, Canadian dollars, pounds and euros that are publicly issued in the major US or Eurobond markets. The weighting of index constituents is limited to a maximum 2%.

Investments in infrastructure-related companies have greater exposure to the potential adverse economic, regulatory, political and other changes affecting such entities. 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.

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.

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.

Use of currency trading strategies may adversely impact a Fund's ability to meet its investment objective. Investments that are allocated across multiple types of securities may be exposed to a variety of risks based on the asset classes, investment styles, market sectors, and size of companies preferred by the investment managers. Investors should consider how the combined risks impact their total investment portfolio and understand that different risks can lead to varying financial consequences, including loss of principal. Please see a prospectus for further details.

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.

Frank Russell Company is the owner of the Russell trademarks contained in this material and all trademark rights related to the Russell trademarks, which the members of the Russell Investments group of companies are permitted to use under license from Frank Russell Company. The members of the Russell Investments group of companies are not affiliated in any manner with Frank Russell Company or any entity operating under the "FTSE RUSSELL" brand.

Securities products and services offered through Russell Investments Financial Services, LLC, member FINRA, part of Russell Investments.

Copyright © 2020 Russell Investments Group, LLC. All rights reserved. This material is proprietary and may not be reproduced, transferred, or distributed in any form without prior written permission from Russell Investments. It is delivered on an "as is" basis without warranty.

RIFIS-22713 QSR-0420-03350 First Used: March 2020

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