

Fund updates

The value of active management



Changes to the lineup and mandates of third-party money managers have been made to the following Russell Investment Company (RIC) Funds:

- U.S. Small Cap Equity Fund
- International Developed Markets Fund
- Emerging Markets Fund
- Strategic Bond Fund

Unless otherwise noted, investment objectives, risk parameters and fund portfolio characteristics will not materially change as a result of these manager changes.

U.S. SMALL CAP EQUITY FUND

Manager mandates changed to non-discretionary

- Timpani Capital Management, LLC ("Timpani")
- Falcon Point Capital Management, LLC ("Falcon Point")
- Copeland Capital Management, LLC ("Copeland")
- Penn Capital Management Company, Inc. ("Penn")
- Ancora Advisors, LLC ("Ancora")
- DePrince, Race & Zollo, Inc. ("DRZ")
- Boston Partners Global Investors, Inc. ("Boston Partners")



"Russell Investment Management, LLC has changed the manager mandates in the Fund to non-discretionary to improve the efficiency of implementation within the Fund."

Change rationale

Russell Investment Management, LLC ("RIM") has changed the manager mandates in the Fund to non-discretionary to improve the efficiency of implementation within the Fund.

Russell Investments has been at the forefront of establishing trading capabilities and implementation strategies to capitalize on the benefits of multi-manager fund structures dating back to the creation of Russell Investments Implementation Services (RIIS) in the 1980s. Changing third-party manager mandates to non-discretionary is an example of one of our proprietary implementation strategies that we have used in many of our funds for the last decade—**Enhanced Portfolio Implementation (EPI)**.

With EPI, the non-discretionary managers provide model portfolios representing their investment recommendations to us—rather than directing their own trades in their portion of a fund. RIM executes the trades on the managers' behalf but may deviate from the model portfolios in terms of timing of execution and actual trades for purposes of reducing transaction costs. This process is intended to facilitate trade matching (offsetting), resulting in fewer trades and reduced portfolio turnover, while maintaining the value-added insights of the underlying money managers. There will be no changes to the managers' strategies or target allocations as a result of these changes.

NOT FDIC INSURED • MAY LOSE VALUE • NO BANK GUARANTEE

INTERNATIONAL DEVELOPED MARKETS FUND

Terminated manager

- Numeric Investors, LLC (“Numeric”)

Change rationale

While Numeric remains positively viewed, RIM has made this change to seek to improve the excess return potential of the Fund by moving towards a more concentrated money manager lineup. The remaining managers are differentiated, high conviction managers that, in conjunction with the active positioning strategy will align the total portfolio to Russell Investments’ preferred positioning.

NEW MANAGER WEIGHTS IN THE INTERNATIONAL DEVELOPED MARKETS FUND

RIM has reallocated Numeric’s assets to the remaining value managers in the Fund, Perkins and Pzena, to maintain preferred positioning, including a value tilt, at the Fund level.

The percentages below represent the target allocation of the Funds’ assets to each money managers’ strategy and RIM’s strategy. This does not include liquidity reserves managed directly by RIM, which may constitute 5% or more of fund assets at any given time.

Following this change the Fund will utilize all non-discretionary money managers, which continues the Fund’s ongoing efforts to improve the efficiency of implementation (see explanation of “EPI” on page one for more details).

MANAGER	ROLE	PREVIOUS FUND WEIGHTS (%)	CURRENT FUND WEIGHTS (%)
GQG Partners LLC*	Growth	15.0	15.0
Janus Capital Management, LLC and Perkins Investment Management LLC*	Value	12.5	20.0
Numeric Investors, LLC	Market-oriented / value-biased	15.0	0.0
Pzena Investment Management LLC*	Value	15.0	25.0
Wellington Management Company, LLP*	Growth	12.5	10.0
Russell Investment Management, LLC (RIM)**	Positioning strategy	30.0	30.0

*Indicated manager is a non-discretionary money manager. Russell Investments manages this portion of the Fund’s assets based upon model portfolios provided by the manager.

**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.

EMERGING MARKETS FUND

Terminated manager

- Harding Loevner LP (“Harding Loevner”)

Change rationale

The Russell Investments Portfolio Manager, Kathrine Husvaeg, has decided to terminate Harding Loevner due to a change in the portfolio management team as well as a desire to move the Fund to a more concentrated money manager lineup with its highest conviction managers. RIM expects this change to improve the excess return potential of the Fund going forward.

NEW MANAGER WEIGHTS IN THE EMERGING MARKETS FUND

RIM will reallocate Harding Loevner's assets to the remaining managers in the Fund to maintain preferred positioning, including maintaining a value tilt, at the Fund level.

The percentages below represent the target allocation of the Funds' assets to each money managers' strategy and RIM's strategy. This does not include liquidity reserves managed directly by RIM, which may constitute 5% or more of fund assets at any given time.

MANAGER	ROLE	PREVIOUS FUND WEIGHTS (%)	CURRENT FUND WEIGHTS (%)
AllianceBernstein L.P.*	Value	13.0	13.0
Axiom International Investors LLC*	Growth	20.0	24.0
Consilium Investment Management, LLC*	Market-Oriented	6.0	6.0
Harding Loevner LP	Growth	16.0	0.0
Numeric Investors LLC	Market-Oriented	13.0	16.0
Oaktree Capital Management, L.P.*	Market-Oriented	13.0	20.0
Westwood Management Corp.	Market-Oriented	6.0	6.0
Russell Investment Management, LLC (RIM)**	Positioning strategy	13.0	15.0

*Indicated manager is a non-discretionary money manager. Russell Investments manages this portion of the Fund's assets based upon model portfolios provided by the manager.

**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.

STRATEGIC BOND FUND

Terminated manager

- Insight Investment International Limited ("Insight")

Change rationale

The purpose of this change is to seek to concentrate the Fund's active risk in high conviction strategies following a recent downgrade in Russell Investments Research's conviction in the Insight active currency product. Accordingly, RIM has terminated Insight Investment International Limited and allocated assets predominately to Colchester, with modest increases to the Western and Scout portfolios.

Insight played a diversifying role within the portfolio focusing on active currency. The reallocation of assets among existing advisors seeks to maintain a relatively consistent balance of risk within the portfolio among credit, rates and currency strategies. The role that Colchester's currency and global rates strategy plays in the portfolio is most similar to that of Insight as it also acts a diversifier to more traditional strategies. However, the Colchester strategy is more volatile; as a result, it requires a smaller allocation to get a similar risk contribution. Additionally, the Colchester strategy has an emerging market bias, so the reallocation to other advisors was necessary to mitigate the extent of the increase in emerging market exposure as a result of this change.

NEW MANAGER WEIGHTS IN THE STRATEGIC BOND FUND

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

MANAGER	ROLE	PREVIOUS FUND WEIGHTS (%)	CURRENT FUND WEIGHTS (%)
Colchester Global Investors Limited	Generalist	5.0	9.0
Logan Circle Partners, L.P.	Specialist	12.5	12.5
Insight Investment Management Limited	Specialist	6.0	0.0
Schroder Investment Management North America, Inc.	Specialist	17.0	17.0
Scout Investments, Inc.	Generalist	17.5	18.0
Western Asset Management Company and Western Asset Management Company Limited	Generalist	17.5	19.0
Russell Investment Management, LLC (RIM)*	Positioning strategies	24.5	24.5

*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.

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 visiting 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.

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.

Small capitalization (small cap) investments involve stocks of companies with smaller levels of market capitalization than larger company stocks (large cap). Small cap investments are subject to considerable price fluctuations and are more volatile than large company stocks. Investors should consider the additional risks involved in small cap investments.

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.

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.

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

Consider how the combined risks of various asset classes impact your 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.

Copyright © 2019 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.

Russell Investment Company mutual funds are distributed by Russell Investments Financial Services, LLC, member FINRA, part of Russell Investments.

First used: March 2019

RIFIS 21333 (12/21)