

# MULTI-STRATEGY INCOME 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 Multi-Strategy Income Fund seeks to provide a high level of current income and, as a secondary objective, long-term capital growth. The Fund seeks to achieve its investment objective by principally investing in a range of diversified income-producing investments. The Fund will typically pursue strategies and invest in instruments which have historically produced a significant portion of their total return from income.

The Fund's performance benchmark is the Multi-Strategy Income Composite Index, which consists of 30% Bloomberg U.S. Aggregate Bond Index; 18% ICE BofA Global High Yield Index; 12% J.P. Morgan EMBI Global Diversified Index; 7% FTSE EPRA Nareit Global Index; and 33% MSCI ACWI High Dividend Yield Index<sup>§</sup>. The Multi-Strategy Income Composite Index provides a means to compare the Fund's average annual returns to a benchmark that is more representative of the investment strategies pursued by the Fund.

### Russell Investments portfolio manager(s)

Rob Balkema, Senior Director, Head of Multi-Asset, North America has primary responsibility for the management of the Fund. Mr. Balkema has managed the Fund since May 2015.

### 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.

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

# Multi-Strategy Income 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
Berenberg Asset Management LLC <sup>1</sup>	3.7%	Berenberg's research driven process is based on pure, bottom-up fundamental stock selection.	European equity	Berenberg focuses on high quality businesses, structural growth drivers, single stock analysis and high conviction ideas. The emphasis does not vary over time, since the fund follows a disciplined execution of their demonstrated investment approach.
Boston Partners Global Investors, Inc.	2.6%	Uses fundamental research to identify small cap companies selling at attractive valuations with near-term revenue-based catalysts.	U.S. equity – small cap value	Boston Partners pursues small cap companies on the cusp of positive change at attractive valuations. The team seeks to exploit market anomalies through identifying what is believed to be under-appreciated companies and has the ability to mitigate opportunity cost by successfully identifying timely revenue-based catalysts and managing position sizes accordingly.
Cohen & Steers Capital Management, Inc. <sup>2</sup>	9.25%	Infrastructure strategy uses a balance of top-down sector research and bottom-up company specific analysis. Real estate strategy uses a bottom-up stock valuation approach. Preferred securities strategy focuses on income generation from investing in financial and non-financial firms' capital structured securities.	Preferred securities	Cohen & Steers' mandate for this Fund is a blend of their listed infrastructure strategy, global real estate securities strategy, and preferred securities strategy.
Cohen & Steers Capital Management, Inc. <sup>1,2</sup>	6.5%		Global real estate securities	
Cohen & Steers Capital Management, Inc. <sup>1,2</sup>	2.0%		Listed infrastructure	
Intermede Investment Partners and Intermede Global Partners Inc. <sup>1</sup>	2.6%	Has a growth-at-a-reasonable-price (GARP) strategy that focuses on stock selection and emphasizes attractively valued positions in high growth companies.	Global equity	Intermede focuses on stocks that are secular growers with some aspect of new innovation that the market has yet to price in, and looks for good top line growth and earnings growth, ideally with attractive return on equity, further margin expansion potential and strong free cash flow.
Kopernik Global Investors, LLC <sup>1</sup>	1.8%	Uses a bottom-up, deep fundamental analysis to gain a thorough, forward-looking understanding of a company's business and valuation.	Global equity	Kopernik is a long-term investment firm with differentiated insights that brings diverse sources of potential alpha from sectors and regions that are not heavily invested in by existing managers in the Fund.
Man Investments Australia Limited <sup>1</sup>	2.2%	The team uses a combination of top down and bottom up concentrated risk-taking with the stated objective of alpha or excess return through the economic cycle. Most of the risk relative to the MSCI AC Asia (ex-Japan) index and the majority of returns is expected to be achieved through idiosyncratic, stock specific risk-taking.	Asia ex Japan equity	Man AU's objective is to provide capital growth (net of fees) over the medium to long-term (3 to 5 year rolling periods). The strategy is unconstrained, flexible, and broadly style agnostic. The strategy's lead portfolio manager brings wealth of experience combining both macro as well as bottom-up views to deliver alpha; This unique proposition brings low correlations existing line-up of active managers.
Marathon Asset Management, L.P.	7.0%	Hard currency emerging market debt focus with a process for adding value centered around relative value opportunities, credit selection and market technical driven portfolio changes	Emerging market bond	Marathon's product is actively managed beta strategy, in which the strategy mirrors characteristics of the hard currency emerging market debt index, while generating potential for excess return. The innovative portfolio construction combines close beta replication with elimination of unwanted risks by matching duration, country allocation, and average credit ratings.

<sup>1</sup>Indicated managers are non-discretionary money managers. RIM manages these portions of the Fund's assets based upon model portfolios provided by the managers.

<sup>2</sup>Cohen & Steers Capital Management, Inc. refers to Cohen & Steers Capital Management, Inc., Cohen & Steers UK Limited and Cohen & Steers Asia Limited.

# Multi-Strategy Income Fund

## Managers and Strategies Summary

FIRM NAME	TARGET ALLOCATION	INVESTMENT FOCUS	ROLE	DETAILS OF FUND ROLE
MFS Institutional Advisors Inc. <sup>1</sup>	2.6%	Has a diversified approach to value investing targeting three types of value: out-of-favor compounders, turnarounds, and deep value.	Global equity	MFS' investment strategy is a diversified approach to value investing targeting three types of value: out-of-favor compounders, turnarounds, and deep value. The strategy will hold a diverse set of contrarian value opportunities including restructuring stories, out-of-favor compounders, and deep value cyclicals.
Oaktree Fund Advisors, LLC	9.5%	Brings a unique, niche high yield convertible debt strategy with a "buy low, sell high" mentality—seeking to identify convertible debt securities that are trading below their investment value yet still offer potential equity upside.	High income convertibles	Oaktree brings a high yield convertibles strategy to the Fund with a focus on 'busted convertibles', which are issues that trade below par because of a short-term headwind for the company or their market. The strategy seeks to deliver excess returns relative to the high yield markets, especially in down markets.
Oaktree Fund Advisors, LLC <sup>1</sup>	2.0%	Focus is on identifying relatively undervalued companies across the universe without a persistent bias to either growth companies or cyclical turnaround stocks. This gives them flexibility to invest in stocks that look attractive at any given point, without being constrained by a stated investment style.	Emerging markets	Oaktree brings an emerging markets strategy that is focused on identifying relatively undervalued companies across the universe without a persistent bias to either growth companies or cyclical turnaround stocks. This gives them flexibility to invest in stocks that look attractive at any given point, without being constrained by a stated investment style, bringing a market-oriented, emerging markets exposure to the Fund.
RWC Asset Advisors (US) LLC <sup>1</sup>	1.5%	Has a growth-seeking, valuation-sensitive strategy that combines both thematic top-down investment research and strong bottom-up security selection.	Global equity	RWC's emerging markets strategy follows both a top-down and bottom-up analysis process, allowing the team to identify broad themes that are followed through with stock selection. RWC invests in quality growth companies that it expects will benefit from a sustainable, advantageous market positioning and strong balance sheets.
PineStone Asset Management Inc. <sup>1,3</sup>	2.8%	Focuses on identifying growth companies with high returns and supportive intrinsic valuations seeking to identify companies that have a strong and sustainable competitive advantage in industries with high barriers to entry.	Global equity	PineStone's quality bias will give the Fund access to stable growth equities with limited earnings variability and supportive intrinsic valuations. Investments are based on company-specific research insights, with an aim to invest in companies with minimal probability of capital impairment.
Sompo Asset Management Co., Ltd. <sup>1</sup>	2.0%	Uses bottom-up fundamental analysis to seek to identify and capture price anomalies created by a market that often overreacts to short-term events.	Japan equity – large cap value	Sompo's valuation bias will give the Fund access to Japan equity—which Russell Investments believes is an inefficient area of the market relative to other markets like U.S. large cap.
Russell Investment Management, LLC (RIM)*	41.95%	The active positioning strategy in this Fund allows the Russell Investments Portfolio Manager 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 Manager.	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.

<sup>1</sup>Indicated managers are non-discretionary money managers. RIM manages these portions of the Fund's assets based upon model portfolios provided by the managers.

<sup>3</sup>Formerly StonePine Asset Management Inc.

\*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.

# Multi-Strategy Income Fund

## Berenberg Asset Management LLC

### Firm background

Berenberg Asset Management LLC (Berenberg) is part of Berenberg Bank, the world's oldest merchant bank based in Hamburg. Berenberg provides quantitative investment strategies to institutional investors like insurers, pension funds, banks and foundations.

**Headquarters:** Hamburg, Germany

**Founded:** 1590

**Lead manager:** Matthias Born

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**Asset class:** European equity

**Number of holdings:** Approximately 50

### Manager profile

Berenberg Asset Management LLC was added as a non-discretionary manager to the Fund in June of 2020. The strategy is led by Matthias Born who is the lead portfolio manager and decision-maker.

As a non-discretionary manager to the Fund, Berenberg provides a model portfolio to Russell Investment Management, LLC (RIM) representing Berenberg's investment recommendations, based upon which RIM purchases and sells securities for the Fund. RIM may deviate from the model portfolio provided by Berenberg, but generally intends to implement the portfolio provided by Berenberg.

### What this manager brings to the Fund

Berenberg brings an European all-cap equity strategy to the Fund. They believe that inefficiencies exist in our universe and can be exploited by concentrating on long term fundamental investing with a disciplined approach. Their strategy follows a quality-growth approach predicated upon fundamentally selecting companies whose competitive advantages are expected to allow them to compound growth for longer and at higher rates than average market participants expect. They focus on quality companies with strong balance sheets and solid business models.

### Investment process

Fundamental single stock selection ("bottom-up approach") is at the center of their investment process. Top-down trends are considered when estimating the attractiveness of single stocks but are not a decision criterion by itself. Berenberg's management uses proprietary, independent research with close contact to top management and is independent from any benchmark.

This results in a high active share. With a long-term investment horizon, the management identifies structural and sustainable growth drivers. Berenberg believes that fundamental criteria explain stock returns significantly better over a long-time horizon. Berenberg focuses on high-quality businesses, structural growth drivers, single stock analysis and high conviction ideas. The emphasis does not vary over time, since the strategy follows a disciplined execution of their demonstrated investment approach.

### Russell Investments' manager analysis

Russell Investments believes that Berenberg's portfolio is impeccably crafted for up and down markets because their investment mix is made not only of defensive businesses, but also quality cyclicals and high growers. The strategy takes a long-term investment horizon, remaining true to style ("Quality Growth") throughout all market conditions. The strategy seeks to benefit from the long-term rewards of compounding, when growth firms reinvest their cash flows in their business at high returns. Berenberg's portfolio is likely to underperform in deep value and low-quality market environments due to its focus on forward looking elements that tend to result in a selection of companies with higher valuations.

Russell Investments views Matthias Born as an experienced investor with incredible knowledge and insights. At Berenberg, he is the sole decision maker and possesses final say both on portfolio construction and research. The team has a well-established set of investment beliefs and a process that has demonstrated efficacy.

## Firm background

Boston Partners Global Investors, Inc. is an SEC-registered investment adviser consisting of three investment divisions: Boston Partners, Weiss, Peck & Greer, and Redwood, each offering distinctive investment capabilities.

**Headquarters:** Boston, MA

**Founded:** 1995

**Lead manager:** Eric Gandhi, CFA

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**Asset class:** U.S. equity

**Number of holdings:** 80-1,220

## Manager profile

Boston Partners Global Investors, Inc. (Boston Partners) was added as a non-discretionary manager to the Fund in December 2017. In this capacity, Boston Partners provides a model portfolio to Russell Investment Management, LLC (“RIM”) representing its investment recommendations, based upon which RIM purchases and sells securities for the Fund. RIM may deviate from the model portfolio provided by Boston Partners for purposes of minimizing transaction costs, but generally intends to implement the portfolio provided by Boston Partners. Boston Partners’ strategy is primarily led by Eric Gandhi, who is backed by a skilled investment team whose members have worked together since 2012.

## What this manager brings to the Fund

Boston Partners pursues small cap companies on the cusp of positive change at attractive valuations. The team seeks to pursue market anomalies through identifying what is believed to be under-appreciated companies. Russell Investments believes Boston Partners has the ability to mitigate opportunity cost by successfully identifying timely revenue-based catalysts and managing position sizes accordingly.

## Investment process

Boston Partners focuses on finding undervalued, quality companies in value sectors. Boston Partners believes that hands-on, proprietary fundamental research can uncover undervalued companies in value sectors to seek to achieve long-term returns. The team meets with 600+ companies each year to fully understand their business strategy, the strength of leadership, and the company's products, markets and customers.

Boston Partners seeks companies that are experiencing above-average and increasing levels of return on invested capital as well as those that are priced below normalized historical valuations. The team prefers to identify timely revenue-based catalysts but will invest early given conviction in long term prospects, and valuation. Idea generation is strong with a significant number of new ideas coming from company meetings and the team's existing network of industry contacts.

## Russell Investments’ manager analysis

Russell Investments believes the key driver of Boston Partners' success is attributable to the involvement of portfolio manager Eric Gandhi, who has demonstrated skill in identifying fundamental catalysts to capture the best ideas to drive stock selection in the portfolio. The Boston Partners team has cultivated an autonomous and performance-oriented culture that Russell Investments finds appealing.

Boston Partners’ strategy is a deep value approach to picking small cap securities. This tends to have a contrarian flavor so market environments that favor higher momentum and growth stocks will tend to be a challenge for this manager. Boston Partners is expected to perform better in market environments that favor value stocks.

# Multi-Strategy Income Fund

## Cohen & Steers Capital Management, Inc.<sup>2</sup>

### Firm background

Cohen & Steers Capital Management, Inc. serves institutional and individual clients around the world through a broad range of strategies and vehicles. The strategies include global and regional real estate securities, global listed infrastructure, preferred securities and large cap value portfolios.

**Headquarters:** New York, NY

**Founded:** 1986

**Lead managers:** Infrastructure: Ben Morton, Real Estate: Jon Cheigh, and Preferred Securities: Elaine Zaharis-Nikas

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**Asset class:** Alternatives

**Number of holdings:** 60-200

### Manager profile

Cohen & Steers Capital Management, Inc. (Cohen & Steers) was added to the Multi-Strategy Income Fund at the Fund's launch in 2015 and is a discretionary and non-discretionary manager in the Fund.

As a non-discretionary manager to the Fund, Cohen & Steers provides a model portfolio to Russell Investment Management, LLC (RIM) representing Cohen & Steers' investment recommendations, based upon which RIM purchases and sells securities for the Fund. RIM may deviate from the model portfolio provided by Cohen & Steers, but generally intends to implement the portfolio provided by Cohen & Steers.

### What this manager brings to the Fund

Cohen & Steers' mandate for this Fund is a blend of their listed infrastructure strategy, global real estate securities strategy and preferred securities strategy.

### Investment process

#### Real estate strategy:

Cohen & Steers' global strategy invests in a portfolio of companies the firm believes are mis-priced relative to their net asset value and dividend discount model estimates. When generating estimates, the firm utilizes standardized valuation methodologies in order to compare valuations across sectors and markets on a relative basis. Russell Investments believes the firm's process can potentially result in attractive and consistent long-term returns.

#### Infrastructure strategy:

Cohen & Steers uses a balance of top-down sector research and bottom-up company specific analysis to construct this global listed infrastructure portfolio for the Fund. This strategy covers utilities and non-utilities sectors such as toll-roads, airports, seaports, rail, and communications in each of the major global regions. The objective of the strategy is to provide income generation, low volatility and low correlations to broader equities. The firm's research process places particular emphasis on sectors and companies that exhibit key infrastructure characteristics such as stable cash flows, largely regulated and monopolistic businesses, and high barriers to entry. The security selection process is highly rigorous, featuring models customized to the factors that are most appropriate for each of the individual sub-sectors. Risk management is sought by employing risk controls such as specific portfolio weighting constraints, proprietary fundamental research, statistical valuation models, and adhering to a strong sell discipline. Country allocations are predominantly an output of the sector and stock selection process. The resulting portfolio is diversified across North America, Europe and the Asia Pacific region.

#### Preferred securities strategy:

Cohen & Steers' preferred securities strategy focuses on income generation from investing in financial and non-financial firms' capital structured securities. The investment process tilts towards bottom-up relative value security selection with a touch of top-down impact, primarily in duration, which leads to a fairly diversified portfolio.

<sup>2</sup>Cohen & Steers Capital Management, Inc. refers to Cohen & Steers Capital Management, Inc., Cohen & Steers UK Limited and Cohen & Steers Asia Limited.

**Russell Investments' manager analysis**

Cohen & Steers' infrastructure strategy is expected to do well in most market environments. Russell Investments believes Cohen & Steers can generate potential excess returns through a combination of bottom-up stock selection in each region and top-down country/regional allocation decisions. Periods when net asset value and cash flow for infrastructure assets in general are not key drivers of share prices may be difficult for this strategy.

Cohen & Steers' real estate strategy is expected to perform well in market environments when stock selection is a key driver of returns. Cohen Steers' preferred securities strategy is expected to provide attractive income to the Fund. A difficult time for this strategy may be periods when net asset value and cash flow for real estate assets in general are not key drivers of real estate securities' share prices.

<sup>2</sup>Cohen & Steers Capital Management, Inc. refers to Cohen & Steers Capital Management, Inc., Cohen & Steers UK Limited and Cohen & Steers Asia Limited.

# Intermede Investment Partners Limited and Intermede Global Partners Inc.

## Firm background

Intermede Investment Partners Limited and Intermede Global Partners Inc. is an independently owned, global equity investment management company. The firm is majority owned by its founding partners.

**Headquarters:** London, UK

**Founded:** 2013

**Lead manager:** Barry Dargan

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**Asset class:** Global equity

**Number of holdings:** 20-60

## Manager profile

Intermede Investment Partners Limited and Intermede Global Partners Inc. (Intermede) was added to the Fund in 2022. Barry Dargan is the lead manager of the strategy.

As a non-discretionary manager to the Fund, Intermede provides a model portfolio to Russell Investment Management, LLC (RIM) representing Intermede's investment recommendations, based upon which RIM purchases and sells securities for the Fund. RIM may deviate from the model portfolio provided by Intermede, but generally intends to implement the portfolio provided by Intermede.

## What this manager brings to the Fund

Intermede focuses on stocks that are secular growers with some aspect of new innovation that the market has yet to price in, and looks for good top line growth and earnings growth, ideally with attractive return on equity, further margin expansion potential and strong free cash flow.

## Investment process

Intermede focuses on stocks that are secular growers with some aspect of new innovation that the market has yet to price in and looks for good top line growth and earnings growth, ideally with attractive return on equity, further margin expansion potential and strong free cash flow. Intermede also demands a greater discount on cyclical stocks which provides flexibility with an overall higher quality, lower volatility portfolio.

## Russell Investments' manager analysis

Russell Investments' view is that Intermede is currently at an attractive point in their lifecycle, with low assets, high quality ownership of the firm by the investment team and autonomy of its investment professionals. Russell Investments has high confidence in lead portfolio manager, Barry Dargan, and the team of high-quality investment analysts. The strategy is expected to perform well when growth is being rewarded and be challenged in periods where higher risk stocks are rewarded or when value factors are rewarded.



# Multi-Strategy Income Fund

## Kopernik Global Investors, LLC

### Firm background

Kopernik Global Investors LLC is an employee-owned global equity investment management firm.

**Headquarters:** Tampa, FL

**Founded:** July 2013

**Lead manager:** David Iben, CFA

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**Asset class:** Global equity

**Number of holdings:** 50-90

### Manager profile

Kopernik Global Investors LLC (Kopernik) was added to the Multi-Strategy Income Fund in 2016. The strategy is led by David Iben, founder and Chief Investment Officer of Kopernik.

As a non-discretionary manager to the Fund, Kopernik provides a model portfolio to Russell Investment Management, LLC (RIM) representing Kopernik's investment recommendations, based upon which RIM purchases and sells securities for the Fund. RIM may deviate from the model portfolio provided by Kopernik, but generally intends to implement the portfolio provided by Kopernik.

### What this manager brings to the Fund

Kopernik is a long-term investment firm with differentiated insights that brings diverse sources of potential alpha from sectors and regions that are not heavily invested in by existing managers in the Fund (e.g., materials, Canada, Russia). The firm has historically had a low-to-negative correlation with existing managers, which is expected to help improve diversification.

### Investment process

The Global Equity strategy at Kopernik is an all-cap, deep-value strategy that aims to add value by identifying securities that are trading at a discount to net asset value.

Kopernik's investment philosophy is centered on the belief that market inefficiencies present numerous opportunities to identify quality businesses at attractive prices. The firm utilizes bottom-up, deep fundamental analysis to gain a thorough, forward-looking understanding of a company's business and valuation. Kopernik's intensive research process includes proprietary screens, site visits, analysis of financial statements and competitor analysis.

The strategy primarily invests in equities (domestic common, foreign ordinary and depositary receipts) of companies located around the globe and of all market capitalizations.

### Russell Investments' manager analysis

The team is led by Dave Iben, a talented investor who has had success throughout multiple investment cycles and is an adherent follower of his deep-value investment style. Prior to founding Kopernik, Iben worked at another investment firm where Russell Investments became familiar with his process. His absolute return philosophy has not changed and his application of economic principles as part of his process remains a compelling component of his investment ability.

Kopernik's deep-value strategy is expected to perform best during periods that favor low price-to-book and low price-to-earnings securities. The strategy tends to struggle in low growth, inflationary environments.

# Multi-Strategy Income Fund

## Man Investments Australia Limited

### Firm background

Man Investments Australia Limited (Man AU), founded in 1995 and acquired by Man Group in 2010, is a discretionary Fund manager that is active across alternative and long-only strategies, equity and credit.

**Headquarters:** Sydney, Australia

**Founded:** 1995

**Lead manager:** Andrew Swan

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**Asset class:** Equity

**Number of holdings:** 30-45

### Manager profile

Man Investments Australia Limited (Man AU) was added to the Fund in 2022. Andrew Swan, Head of Asia (ex-Japan) Equities at Man AU, manages the strategy and is supported by a team of four dedicated analysts.

As a non-discretionary manager to the Fund, Man AU provides a model portfolio to Russell Investment Management, LLC (RIM) representing Man AU's investment recommendations, based upon which RIM purchases and sells securities for the Fund. RIM may deviate from the model portfolio provided by Man AU, but generally intends to implement the portfolio provided by Man AU.

### What this manager brings to the Fund

Swan and his team believe that one of their key competitive strengths is that they assume risk based on their views of future earnings revisions potential and those views are based on both historical data and more discretionary forward-looking analysis. They are aiming to capture the turning points in earnings revisions where there has historically been the potential to generate significant alpha. The investment team also benefits from being part of Man AU's deep equity platform and the collaborative culture that sets the business apart. The teams are able to collaborate with a diverse group of highly experienced portfolio managers and sector specialists to develop investment ideas.

### Investment process

At the core of the team's approach to investing is relative earnings revisions. The key driver of beta in Asia (ex-Japan) over time has been earnings and markets in the region have consistently traded in-line with forward EPS. Alpha, on the other hand, tends to be driven by high cross-sectional single stock dispersion and relative earnings revisions. As such, the team's core focus is to capture turning points in companies that have high EPS revision potential.

### Russell Investments' manager analysis

Our favorable view is supported by a strong conviction in portfolio manager, Andrew Swan, an experienced and insightful Asian equity portfolio manager who has consistently implemented this dynamic growth philosophy throughout his career. We believe he displays both objectivity and pragmatism to continue implementing this approach. Swan's dynamic approach while incorporating top down factors is differentiated and further allows him to better capture inflection points in value and sentiment.

Man AU's investment style is flexible by design, with the portfolio composition being driven by expected improvement in earnings from bottom-up analysis of individual companies. While this flexibility introduces complexity in terms of its repeatability, we believe the manager exhibits skill and objectivity in its implementation. The combination of high-quality fundamental research, rigorous idea testing, and conviction-based portfolio construction make this a compelling offering. The strategy is supported by a small team of four dedicated analysts. We have a positive opinion of Alethea Leung and Anand Agarwal who worked under Swan at Blackrock and are aligned with the process. The others are new hires and, while experienced, are still familiarizing themselves with the process and thus remain untested. Swan is a player coach remaining involved in generating ideas as well as guiding the analysts. Swan has the flexibility to manage the strategy on his own terms and there is direct alignment with the team's P&L which should ensure the team remains motivated and energized.

As the manager tends to anticipate growth inflection points and position the portfolio accordingly, the strategy can go through challenging periods prior to major market rotations. Time periods with high market volatility can also be challenging for the portfolio.

# Marathon Asset Management, L.P.

## Firm background

Marathon Asset Management, L.P. seeks attractive absolute returns through investments in the global credit markets and real estate related markets with a long-term goal of building a world-class asset management platform.

**Headquarters:** New York, NY

**Founded:** 1998

**Lead manager:** Andrew Szmulewicz

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**Asset class:** Emerging Market Debt

**Number of holdings:** approx. 100-125

## Manager profile

Marathon Asset Management was added to the Fund in 2022. Gabriel (“Gaby”) Szpigiel, the Head of Emerging Markets, manages the emerging markets team. Andrew Szmulewicz is the lead portfolio manager for the emerging market bond mandate.

## What this manager brings to the Fund

Exposure to emerging market debt securities with a high conviction process for delivering strong risk adjusted excess returns

## Investment process

Marathon's approach to portfolio allocation in the Emerging Markets benchmarked strategy can be viewed as an actively managed beta, or what the portfolio managers Gaby and Diego call "Optimal Beta" and 20–40% in off-index securities, mostly in quasi-sovereign and corporate. The core of their portfolio construction process is to replicate the market as defined by the index (J.P. Morgan EMBI Global Diversified Index<sup>®</sup>). The strategy seeks to mirror key characteristics of the Index such as duration, regional weights, and country weights. Layered on top of the core portfolio, Marathon's input incorporates bottom-up best credit ideas into a portfolio that is representative of the index, actively managed and generates an attractive risk-adjusted spread pick-up relative to the index. Russell Investments views this as an innovative methodology for portfolio construction with the potential to earn consistent excess returns.

## Russell Investments' manager analysis

Marathon's core competency is in credit selection and eliminate unwanted risk in mismatching the duration and country. The process is very regimented and have exposure to about 100 bonds in about 55 countries out of 65 countries in the index. We believe that this investment proposition will be long-term and sustainable. The team that manages the emerging market debt product is very experienced across Latin America, Eastern European, and Asian markets. The product is primarily managed by Gaby Szpigiel, the Head of Emerging Markets at Marathon, who has over 20 years of industry experience. The hard currency emerging market debt product was designed by Andrew Szmulewicz, who has over 10 years of experience in product development and managing emerging bond indices at J.P. Morgan prior to joining Marathon in 2014. Marathon has its roots in emerging markets and structured mortgages, and as a result the firm has a strong appreciation for market liquidity, risk management, non-linear securities, and policy risk.

Because Marathon maintains a beta close to 1 as well as duration and credit characteristics close to those of the benchmark, the performance will be highly correlated to the index. Therefore, drawdowns in the Emerging Markets Debt market would negatively affect the strategy's absolute performance. Success or challenges in off-benchmark allocations, mostly to quasi-sovereign and corporate bonds, could also affect benchmark-relative performance.

# Multi-Strategy Income Fund

## MFS Institutional Advisors Inc.

### Firm background

The sole purpose of MFS Institutional Advisors Inc. is to create long-term value responsibly. It offers fixed income, equity and quantitative solutions to financial advisors, intermediaries and institutional clients around the world.

**Headquarters:** Boston, MA

**Founded:** 1924

**Lead managers:** A.C. Farstad and Zahid Kassam

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**Asset class:** Equity

**Number of holdings:** approximately 40

### Manager profile

MFS Institutional Advisors Inc. (MFS) was added to the Fund in 2022. A.C. Farstad and Zahid Kassam are the co-lead managers of the strategy.

As a non-discretionary manager to the Fund, MFS provides a model portfolio to Russell Investment Management, LLC (RIM) representing MFS's investment recommendations, based upon which RIM purchases and sells securities for the Fund. RIM may deviate from the model portfolio provided by MFS, but generally intends to implement the portfolio provided by MFS.

### What this manager brings to the Fund

MFS' investment strategy is a diversified approach to value investing targeting three types of value: out-of-favor compounders, turnarounds, and deep value. The strategy will recommend a diverse set of contrarian value opportunities including restructuring stories, out-of-favor compounders, and deep value cyclicals.

### Investment process

The team recommends a contrarian value philosophy that is supported by capital markets efficiency. The product design is intended to maximize return while retaining diversification. It targets multiple types of value including out-of-favor compounders, turnarounds and deep value. Valuation methods employed are appropriate to the type of opportunity, and MFS is disciplined in applying an asymmetric reward-risk ratio.

### Russell Investments' manager analysis

Russell Investments believes Ms. Farstad is highly engaged and passionate about investing, and considers her a well-rounded portfolio manager. In addition, Mr. Kassam's experience is credible and relevant for the strategy, and he demonstrated good alignment with Ms. Farstad's philosophy.

There is some flexibility in how value opportunities are found and which are favored, but we believe Ms. Farstad conveys compelling clarity of thought around her process which should benefit execution. She and Mr. Kassam demonstrated strong emphasis on risk/reward asymmetry due stock analysis, which drives both purchase and sale recommendation. Though the portfolio is bottom-up, they are also cognizant of market trends and have rotated the portfolio to take advantage of attractive entry points. Today, the strategy is balanced between the three buckets of restructurings, deep value, and controversial quality compounders.

The strategy has been successful in a variety of market environments, but high growth, low quality or low volatility driven markets have typically been more challenging. The portfolio has also had an overweight exposure to non-U.S. companies, making a U.S. market leadership in global equities a potential headwind.

# Oaktree Fund Advisors, LLC, High Income convertibles strategy

## Firm background

Oaktree Fund Advisors, LLC is a global investment management corporation, whose mission is to provide management with a primary emphasis on seeking risk control in a limited number of sophisticated investment specialties. Oaktree is involved in less efficient markets and alternative investments. Oaktree serves clients through offices located in 17 cities and 12 countries.

**Headquarters:** Los Angeles, CA

**Founded:** 1995

**Lead manager:** Craig Borcharding

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**Asset class:** Fixed income

**Number of holdings:** Approximately 100

## Manager profile

Oaktree Fund Advisors, LLC (Oaktree) was added as a discretionary manager to the Fund in June 2017 for its High Income role and as a non-discretionary manager in March 2022 for its Emerging Markets role. Craig Borcharding is the portfolio manager of the strategy.

As a non-discretionary manager to the Fund, Oaktree provides a model portfolio to Russell Investment Management, LLC (RIM) representing Oaktree's investment recommendations, based upon which RIM purchases and sells securities for the Fund. RIM may deviate from the model portfolio provided by Oaktree, but generally intends to implement the portfolio provided by Oaktree.

## What this manager brings to the Fund

Oaktree brings a niche high yield convertibles strategy to the Fund with a focus on “busted convertibles”, which are issues that trade below par because of a short-term headwind for the company or their market. The strategy seeks to deliver excess returns relative to the high yield markets, especially in down markets.

The busted convertible market can offer potential for:

- Yields that are equivalent to that of non-convertible debt
- Equity upside

In addition, in their Emerging Markets role, Oaktree is focused on identifying relatively undervalued companies across the universe without a persistent bias to either growth companies or cyclical turnaround stocks. This gives them flexibility to invest in stocks that look attractive at any given point, without being constrained by a stated investment style

## Investment process

Oaktree applies a “buy low, sell high” mentality—seeking to identify convertible debt securities that are trading below their investment value yet still offer potential equity upside. They also seek convertible securities that have high credit sensitivity and yield characteristics with low sensitivity to equity markets.

Oaktree also offers a strong sell discipline. They focus on holding securities during the time whereby they offer value and seek to exit positions when they become more sensitive to equities.

## Russell Investments' manager analysis

Russell Investments believes Oaktree offers a dynamic high yield convertibles strategy with a nimble approach and willingness to exit positions quickly if they believe the downside risk is material. The strategy is considered a “niche within a niche” which provides potential for attractive return by going where other managers in the marketplace typically do not. Oaktree's credit risk emphasis, combined with their quick sell discipline, may help the portfolio minimize credit losses. The strategy is expected to perform well in spread widening environments but might lag in periods of high yield rally and when duration rallies as the strategy maintains a fairly short duration.

Craig Borcharding joined Oaktree in 2007 and has been the day-to-day portfolio manager on the High Income Convertibles strategy since 2018. Although the dedicated investment professionals for the strategy are limited, the team leverages Oaktree's broader resources, including the extended convertibles team, which Russell Investments believes is additive to the strategy.

# Oaktree Fund Advisors, LLC, Emerging markets strategy

## Firm background

Oaktree Fund Advisors, LLC is a global investment management corporation, whose mission is to provide management with a primary emphasis on seeking risk control in a limited number of sophisticated investment specialties. Oaktree is involved in less efficient markets and alternative investments. Oaktree serves clients through offices located in 17 cities and 12 countries.

**Headquarters:** Los Angeles, CA

**Founded:** 1995

**Lead managers:** Frank Carroll and Janet Wang

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**Asset class:** Equities

**Number of holdings:** Approximately 65

## Manager profile

Oaktree Fund Advisors, LLC (Oaktree) was added as a discretionary manager to the Fund in March 2022 for its Emerging Markets role. Frank Carroll and Janet Wang are the two lead managers on the emerging markets strategy.

## What this manager brings to the Fund

Oaktree's Emerging Markets strategy is focused on identifying relatively undervalued companies across the universe without a persistent bias to either growth companies or cyclical turnaround stocks. This gives them flexibility to invest in stocks that look attractive at any given point, without being constrained by a stated investment style. Thus, the strategy being style-agnostic allows for the portfolio management team to allow stock selection to be the main alpha driver of their process, bringing idiosyncratic opportunities within the emerging markets to the Fund.

## Investment process

The team is focused on depth rather than breadth covering roughly 400 stocks. There is a lot of challenge and communication across the team and the extent to which the analysts are integrated in the process is beneficial. The portfolio managers have shown an ability to respond quickly to new information when making investment decisions, and they have a strong sense of market dynamics which can give an extra edge on top of the fundamental analysis. The analysts have target prices on all of the stocks under coverage and continually feed this information to the portfolio managers who use this to make calls on absolute and relative basis. The analysts are responsible for generating their own ideas and communicate their preferences on an ongoing basis to the portfolio manager through a ranking mechanism which considers risk/reward versus other opportunities in their sectors. There is a good dynamic where portfolio managers are also active in directing the analysts to those areas they are interested in.

Analysts build detailed models on companies under coverage with target prices that act as a guide to the portfolio managers. Valuation is important to them, there is an unwillingness to recommend expensive names. Everyone in the team spends a significant amount of time meeting with companies. The PMs are also very active in traveling to the regions and each will typically spend one to two months a year in Asia.

## Russell Investments' manager analysis

Russell Investments has a positive opinion of Frank Carroll, who is an experienced emerging markets investor with over 30 years in the sector and experience managing the emerging market portfolios at Oaktree since 2000. Janet Wang, the strategy's co-portfolio manager, has worked with the team since 2002 and articulates well-rounded, informative views. A positive dynamic exists between the portfolio managers.

The investment approach is opportunistic, so although the team describes itself as value focused this can apply to more expensive growth names just as much as cyclical turnaround stories and this flexibility allows the portfolio managers to adapt to different market environments. We have also observed a strong sell discipline helped by the absolute return experience of the team.

The team also benefits from a good organizational set-up as Oaktree is a performance-focused company which gives its portfolio managers the resources to manage money in the way that they see fit. The Emerging Market equities team has been stable over the years and all the team members appear to be well incentivized.

Due to the flexible valuation-conscious approach, Oaktree is expected to do well in a variety of market environments, but is likely to lag in the extreme deep value or high growth-led markets.

# Multi-Strategy Income Fund

## RWC Asset Advisors, LLC

### Firm background

RWC Asset Advisors (US) LLC is an independent investment manager providing services primarily to institutional clients. It launches and manages equity, fixed income, and hedge funds for its clients.

**Headquarters:** Miami, FL

**Founded:** 2000

**Lead manager:** John Malloy

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**Asset class:** Emerging markets equity

**Number of holdings:** 60-80

### Manager profile

RWC Asset Advisors (US) LLC (RWC) was added as to the Fund in 2022. John Malloy is the lead manager of the strategy.

As a non-discretionary manager to the Fund, RWC provides a model portfolio to Russell Investment Management, LLC (RIM) representing RWC's investment recommendations, based upon which RIM purchases and sells securities for the Fund. RIM may deviate from the model portfolio provided by RWC, but generally intends to implement the portfolio provided by RWC.

### What this manager brings to the Fund

RWC's emerging markets strategy follows both a top-down and bottom-up analysis process, allowing the team to identify broad themes that are followed through with stock selection. RWC invests in quality growth companies that it expects will benefit from a sustainable, advantageous market positioning and strong balance sheets.

### Investment process

RWC applies strong, bottom-up research capabilities focused on identifying companies that trade at attractive valuations but with solid growth prospects and all within their thematic framework. RWC is an early lifecycle manager that opportunistically pursues capital appreciation across a global investment spectrum and exploits secular and cyclical trends, growth opportunities, valuation inefficiencies and themes that are misunderstood or otherwise out of favor in emerging and frontier markets. RWC's stock selection reflects the team's macro economic views, which Russell Investments believes are solid and differentiated versus peer managers.

### Russell Investments' manager analysis

Russell Investments has a high regard for the investment professionals at RWC whom Russell Investments believes to be of above average quality relative to their peers. Russell Investments has a particularly high opinion of John Malloy who is a key member of the team and is responsible for all decision making.

The process is such that it combines both a top-down and bottom-up analysis allowing the team to identify broad themes that are followed through with stock selection. The team has demonstrated good insight and skill in implementing such an approach. The team has worked together for a long time due to their time together at a previous firm, and are highly motivated given recent organization changes, which have allowed them to be more aligned with the profitability of the business.

RWC strategy's exposure to high volatility and high beta names can make it sensitive to market corrections, leading to underperformance. Value-led markets can also be a challenge due to the manager's growth orientation.

# Multi-Strategy Income Fund

## PineStone Asset Management Inc.<sup>3</sup>

### Firm background

PineStone Asset Management Inc. is an independent investment manager focused on providing long-only equity strategies to institutional clients.

**Headquarters:** Montreal, Quebec, Canada

**Founded:** 2021

**Lead manager:** Nadim Rizk

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**Asset class:** Global equity

**Number of holdings:** 25–35

### Manager profile

PineStone Asset Management Inc. (PineStone) was added to the Fund in March 2023. Nadim Rizk is the CEO, CIO, and lead manager for PineStone Asset Management Inc.

As a non-discretionary manager to the Fund, PineStone provides a model portfolio to Russell Investment Management, LLC (RIM) representing PineStone's investment recommendations, based upon which RIM purchases and sells securities for the Fund. RIM may deviate from the model portfolio provided by PineStone, but generally intends to implement the portfolio provided by PineStone.

### What this manager brings to the Fund

PineStone provides the Fund with exposure to quality, growth-oriented equities with high return potential and supportive intrinsic valuations. The manager seeks to identify companies that have a strong and sustainable competitive advantage in industries with high barriers to entry. Investments are based on company-specific research insights, with an aim to invest in companies with minimal probability of capital impairment.

### Investment process

PineStone uses a fundamental, bottom-up research approach when it comes to identifying companies with attractive growth and value propositions. Although the portfolios trade at a premium relative to the market, PineStone believes—from an enterprise value lens—the premium gap is smaller as their companies generally have less leverage than the market. PineStone maintains a wish list of 20 stocks, with 15–20 new ideas per year with a target of 50/50 non-U.S./U.S. exposure. During the internal investment research process, PineStone uses a “bad-cop” approach when pitching a potential stock for product inclusion to the team. Similar to a “devil’s advocate” approach, an analyst is assigned to come up with substantial counter-arguments based on a deep dive analysis of the company in question in order to bring certain overlooked aspects of the business to light during discussions. Russell Investments believes this role adds rigor and depth to PineStone’s research process.

### Russell Investments’ manager analysis

Russell Investments has a high regard for Nadim Rizk and the investment team and believes that the organizational environment is attractive for motivating and retaining talent. Russell Investments moderates its expectations around organizational stability out of an abundance of caution, as the manager recently transitioned out from under the Fiera Capital Corporation; the new company is currently operationally separate.

PineStone’s “bad-cop” process adds sophistication to their internal discussions, and Russell Investments believes the manager’s research depth is a strength of their investment process. Performance has been strong relative to peers and respective benchmarks. Russell Investments expects the product to perform strongly when differentials in fundamental company performance is recognized by the market and environments where companies with strong operating and financial performance is preferred. The product will do less well in rising markets but is expected to perform well in down markets.

<sup>3</sup>Formerly StonePine Asset Management Inc.



# Sompo Asset Management Co., Ltd.

## Firm background

Sompo Asset Management Co., Ltd. is a leading intrinsic value asset manager of Japanese assets and is part of Sompo Holdings Group.

**Headquarters:** Tokyo, Japan

**Founded:** 1986

**Lead manager:** Kenji Ueno

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**Asset class:** Japan equity

**Number of holdings:** 60-80

## Manager profile

Sompo Asset Management Co., Ltd. (Sompo) was added to the Fund in September 2018. Kenji Ueno is the lead manager for Sompo's Japan equity strategy.

As a non-discretionary manager to the Fund, Sompo provides a model portfolio to Russell Investment Management, LLC (RIM) representing Sompo's investment recommendations, based upon which RIM purchases and sells securities for the Fund. RIM may deviate from the model portfolio provided by Sompo, but generally intends to implement the portfolio provided by Sompo.

## What this manager brings to the Fund

Sompo provides the Fund with exposure to the Japan equity market—specifically within the value space.

## Investment process

Sompo uses bottom-up fundamental analysis to seek to identify undervalued stocks that are trading at a discount to their intrinsic value from some short-term events or one-off causes. A stock's intrinsic value is calculated through Sompo's dividend discount model. They believe that every stock has an intrinsic value which the market price tends towards over time. They seek to create value by exploiting this tendency with a disciplined approach that seeks to purchase undervalued stocks and liquidate overvalued stocks. Their model allows them to incorporate their views on risks such as sustainability and credit.

## Russell Investments' manager analysis

Russell Investments believes Sompo's valuation bias will give the Fund access to an inefficient area of the market relative to other markets like U.S. large cap. Russell Investments has high conviction in Sompo's active management approach that looks to identify and capture price anomalies created by a market that often overreacts to short-term events.

Russell Investments believes Sompo's strategy will perform well when the value factor is in favor and may struggle in growth-driven markets.

# Multi-Strategy Income Fund

## 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

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### POSITIONING STRATEGIES & CASH RESERVES

**Number of holdings:** 300

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 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.

RIM uses a blend of strategies in this Fund, designed to help tilt the portfolio in the direction of our strategic beliefs:

- The currency overlay utilizes 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. RIM believes that a currency overlay strategy serves as a diversifier and another potential source of return in multi-asset portfolios, especially in periods where the medium-term return outlook is more challenging for credit, duration and equity returns than it has been in the past.
- RIM believes that bonds issued by sovereign countries with higher real yields have a greater likelihood of outperforming those with low real yields. Using futures, RIM will take long positions in high quality government bonds whose yield, net of forward-looking inflation, are relatively high and short interest rate risk where that real, net-of-inflation yield is expected to be relatively low. This strategy has historically low correlations to credit risk.
- To target factor exposures (e.g. yield, market cap, momentum, quality), country/region exposure and sector/industry exposures, RIM will select a portfolio of global equity securities. RIM analyzes how the securities held by the third-party money managers differ from the preferred positioning of the Fund. RIM then uses a custom, proprietary quantitative technique to 'optimize' toward the preferred positioning. This strategic portfolio is comprised of what RIM believes to be quality income securities that may offer higher than average dividend yield and ability to pay that dividend in the future (good debt to equity/capital, solid cash coverage, etc.). This strategy is composed primarily of equity securities and as such, will struggle during down equity markets relative to the fund's non-equity investments. It is expected to typically do well in moderately positive equity markets, led by higher yielding securities.

The shape of the strategies vary over time based upon the following three primary drivers: a) evolution of portfolio manager views in response to the valuation, cycle and sentiment opportunities within the asset classes, b) changes in manager holdings, and c) changes in market conditions.

# Russell Investment Management, LLC (continued)

### 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 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 contract 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 May 22, 2024. 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.

Non-U.S. markets, which may include developed, emerging, and frontier 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 U.S. securities. The risks associated with non-U.S. securities may be amplified for emerging markets securities. Because frontier markets are among the smallest, least developed, least liquid, and most volatile of the emerging markets, investments in frontier markets are generally subject to a greater risk of loss than investments in developed or traditional emerging markets.

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.

Specific sector investing such as real estate can be subject to different and greater risks than more diversified investments. Declines in the value of real estate, economic conditions, property taxes, tax laws and interest rates all present potential risk to real estate investments. Fund investments in non-U.S. markets can involve risks of currency fluctuation, political and economic instability, different accounting standards and foreign taxation.

Investments in infrastructure-related companies have greater exposure to the potential adverse economic, regulatory, political and other changes affecting such entities. Investment in infrastructure related companies are subject to various risks including governmental regulations, high interest costs associated with capital construction programs, costs associated with compliance and changes in environmental regulation, economic slowdown and surplus capacity, competition from other providers of services and other factors. 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.

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](http://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 involve stocks of companies generally having a market capitalization between \$10 billion and \$200 billion. 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.

<sup>§</sup>Indexes are unmanaged and cannot be invested in directly. The benchmark shown represents the Fund's performance benchmark, which may be different from the Fund's regulatory benchmark included in the Fund's Prospectus and Annual Reports.

- The Bloomberg U.S. Aggregate Bond Index is an index, with income reinvested, generally representative of intermediate-term government bonds, investment-grade corporate debt securities and mortgage-backed securities.
- The ICE BofA Global High Yield Index tracks the performance of USD, CAD, GBP and EUR denominated below investment grade corporate debt publicly issued in the major domestic or Eurobond markets.
- The J.P. Morgan EMBI Global Diversified Index tracks liquid, US Dollar emerging market fixed and floating-rate debt instruments issued by sovereign and quasi-sovereign entities (quasi-sovereign entities are defined as being 100% guaranteed or 100% owned by the national government).
- The FTSE EPRA Nareit Global Index is designed to track the performance of listed real estate companies and REITs in both developed and emerging markets.
- The MSCI ACWI High Dividend Yield Index is based on MSCI ACWI, its parent index, and includes large and mid cap stocks across 23 Developed Markets and 24 Emerging Markets countries. The index is designed to reflect the performance of equities in the parent index (excluding REITs) with higher dividend income and quality characteristics than average dividend yields that are both sustainable and persistent. 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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