

# TAX-MANAGED U.S. MID & SMALL CAP FUND

## Money Manager and Russell Investments Overview



### Russell Investments' approach

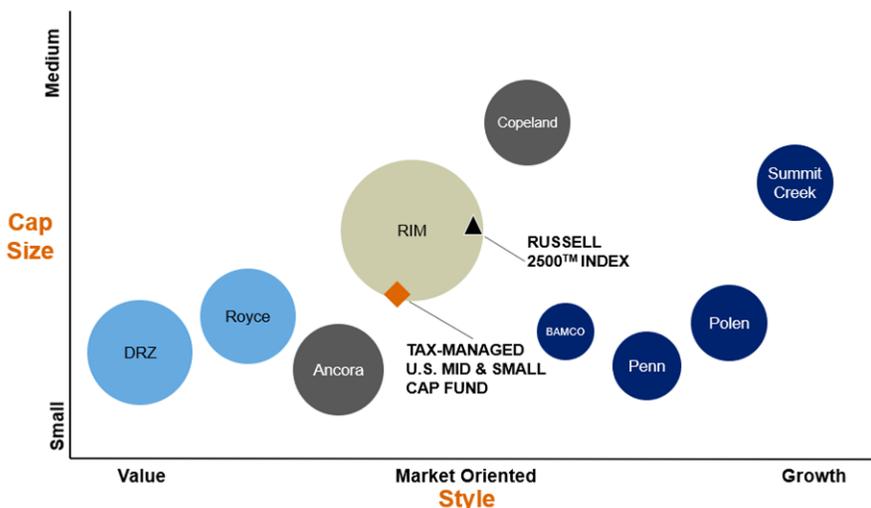
Russell Investments uses a multi-asset approach to investing, combining asset allocation, manager selection and dynamic portfolio management in its investment portfolios. Using this approach as a framework for mutual fund construction, we research, monitor, hire and terminate (subject to Fund Board approval) 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 Tax-Managed U.S. Mid & Small Cap Fund seeks to provide long term capital growth on an after-tax basis. The Fund invests principally in common stocks of medium and small capitalization U.S. companies. The Fund seeks to realize capital growth while considering shareholder tax consequences arising from its portfolio management activities.

The Fund's performance benchmark is the Russell 2500™ Index\*.

### Fund mosaic



This mosaic depicts, at a specific point in time, the approximate relative weighting of the managers and strategies within the Fund plotted on the basis of cap size and style against fund benchmark (▲). Positions on this mosaic change over time as allocations and holdings change. The circle size represents the relative size of each allocation in the Fund.

Russell Investment Management, LLC (RIM) manages the Fund's liquidity reserves and may manage assets to effect the Fund's investment strategies and/or to modify the Fund's overall portfolio characteristics to seek to achieve the desired risk/return profile for the Fund.

### Russell Investments portfolio manager(s)

Megan Roach, Senior Director, Co-Head of Equity Portfolio Management, and Nick Haupt, Portfolio Manager, Equity, have primary responsibility for the management of the Fund. Ms. Roach has managed the Fund since March 2015 and Mr. Haupt has managed the Fund since December 2023.

### 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.

\*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 Russell 2500™ Index measures the performance of the small to midcap segment of the U.S. equity universe. The Russell 2500™ Index is a subset of the Russell 3000® Index and includes approximately 2,500 of the smallest securities based on a combination of their market cap and current index membership.

# Tax-Managed U.S. Mid & Small Cap Fund

## Managers and Strategies Summary & Target Allocation of Fund Assets

The percentages below represent the target allocation of the Fund's assets to each money manager's strategy and Russell Investment Management, LLC ("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
Ancora Advisors, LLC	9%	Invests in small and mid cap special situations such as corporate restructuring and spinoffs, under-followed companies, and franchise stocks selling at temporary discounts.	Market-oriented	Ancora is opportunistic in seeking companies that are in special situations. The strategy focuses on market inefficiencies that the firm believes to be persistent and lucrative within the U.S. small and mid cap space.
BAMCO, Inc.	3%	BAMCO, Inc. (Baron) has a fundamental, bottom-up, and research driven investment approach. They identify small cap biotechnology companies with a focus on companies with above-industry sales growth and revisions as well as below-industry balance sheet leverage and price volatility.	Biotechnology	Baron plays a specialist role in focusing primarily on selecting U.S. small cap biotechnology stocks with larger weights focused on later stage companies, diversification by investment themes/stages of clinical trials, and limited exposure to early stage/single drug companies.
Copeland Capital Management, LLC	8%	Invests in small/mid cap companies with a history of strong dividend growth.	Market-oriented	Russell Investments believes dividend growth strategies can be effective in the U.S. small/mid cap market, and that Copeland is especially skilled at identifying which companies are more likely to sustain their historical dividend growth.
DePrince, Race & Zollo, Inc.	11%	Invests in small and mid-cap companies with above-average dividend yield that have a catalyst for near term improvement.	Value	DRZ is a yield-focused value manager that has a strong track record of skillfully rotating the portfolio in response to evolving valuation opportunities.
Penn Capital Management Company, LLC	5%	Invests in small and mid-cap companies with improving business fundamentals expected to pay down debt, refinance at more favorable rates, or buy back company shares.	Market-oriented	Penn's focus on capital structure driven opportunities and the crossover of ideas from the high-yield segment of the market are the main distinguishing elements of their process.
Polen Capital Management, LLC	7%	Invests in concentrated stock portfolio consisting of sophisticated companies with what it believes to have strong competitive advantages and potential for sustained growth.	Growth	Emphasizes companies with what it believes to have strong competitive advantages that are expected to consistently generate organic revenue growth, have stable to improving margins, high return ratios, positive free cash flow, and above average earnings growth.
Royce & Associates, LP	9%	Invests in smaller cap companies with dividends or buybacks, high returns on invested capital, plus attractive valuations.	Value	Royce is suitable for a defensive value role in the Fund. The team seeks to invest in out of favor quality stocks, which allows them to exploit the market's short-termism through a robust research process and valuation discipline
Summit Creek Advisors, LLC	7%	Conducts a bottom-up investment process that identifies high quality companies with what it believes to be consistent and sustainable revenue and earnings growth over a 3- to 5-year investment horizon.	Growth	Through in-depth fundamental research, Summit Creek searches for companies with low financial leverage, high return on equity, strong cash flow and significant management ownership. The team creates detailed financial models on all portfolio holdings and fully evaluates a company's competitive positioning and ability to execute on the business plan.

All underlying third-party money managers of this Fund are non-discretionary money managers. Russell Investment Management, LLC manages the respective portions of the Fund's assets based upon model portfolios provided by each firm.

# Tax-Managed U.S. Mid & Small Cap Fund

## Managers and Strategies Summary

FIRM NAME	TARGET ALLOCATION	INVESTMENT FOCUS	ROLE	DETAILS OF FUND ROLE
Russell Investment Management, LLC (RIM)**	41%	Directly manages a positioning strategy within the Fund, which is designed with the dual mandate of improving the Fund's after-tax returns as well as controlling the Fund-level exposures and/or risks to meet preferred positioning. The active tax management aspect of the strategy is focused on improving the after-tax returns of the Fund by using active tax management strategies including tax-loss harvesting, deferral of gains, tax-lot management, and management of wash sales. This activity takes place across the entire Fund.	Positioning Strategies, Tax Management, and Cash Reserves	RIM oversees all investment advisory services to the Fund and manages all Fund assets. This includes the Fund's positioning strategy, which helps the Fund to achieve its desired risk/return profile, and the active tax management strategy that is implemented across the entire Fund. RIM also manages the Fund's liquidity reserve.

\*\*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.

# Tax-Managed U.S. Mid & Small Cap Fund

## Ancora Advisors, LLC

### Firm background

Ancora Advisors, LLC is an employee-owned investment advisory firm. Ancora offers comprehensive investment solutions for institutions and individuals in the areas of fixed income, equities, global asset allocation, alternative investments and retirement plans.

**Headquarters:** Birmingham, MI

**Founded:** 2003

**Lead manager:** Dan Thelen, CFA

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

**Number of holdings:** 50-70

**Capitalization level:** Small and mid-cap

### Manager profile

Ancora Advisors, LLC (Ancora) was added to the Tax-Managed U.S. Mid & Small Cap Fund in 2017. Dan Thelen is the portfolio manager leading this small to mid-cap strategy. He is based in Ancora's Birmingham, MI office.

### What this manager brings to the Fund

Ancora is opportunistic in seeking companies that are in special situations such as corporate restructuring and spinoffs, companies emerging from bankruptcy, under-followed companies, and franchise stocks selling at temporary discounts.

### Investment process

Ancora's strategy focuses on market inefficiencies that the firm believes to be persistent and potentially lucrative within the U.S. small- to mid-capitalization space. Ancora attempts to take advantage of short-term stock price dislocations that may arise through periods when market trading volumes are thin (e.g. around holidays). In evaluating these special situations, Ancora screens on key growth and profitability factors including returns on capital, long-term demonstrated growth rates and cash flow returns on equity. The investment team further screens based on each company's valuation relative to its industry.

Ancora reviews the holdings periodically on a bottom-up basis to ensure they are consistent with Ancora's view of the economy on a top-down basis. During the research and due diligence process, the portfolio manager and the analysts will talk with company management, customers and suppliers to better understand the company's prospects.

### Russell Investments' manager analysis

Dan Thelen has 15+ years' experience as a micro-mid cap investor and Russell Investments believes the environment at Ancora provides him with an unencumbered opportunity to focus on generating excess returns. Thelen is, in Russell Investments' view, among the top tier of investors in terms of passion, focus on performance and continuous process improvement. Dan's focus on special situations and intense performance orientation stood out to Russell Investments immediately during the first research meeting in 2013 and this drove Russell Investments' prioritization to become one of the first institutional investors in his micro and small cap strategy in 2014.

# Tax-Managed U.S. Mid & Small Cap Fund

## BAMCO, Inc.

### Firm background

BAMCO, Inc. (Baron) was founded in 1982 by Ron Baron, the Firm's CEO and head of the investment team. Baron employs a fundamental, bottom up, and research driven investment approach.

**Headquarters:** New York, NY

**Founded:** 1982

**Lead managers:** Neal Kaufman and Josh Reigelhaupt

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

**Number of holdings:** 40-50

**Capitalization level:** Small and mid-cap

### Manager profile

Baron was added to the Tax-Managed U.S. Mid & Small Cap Fund in 2021. Portfolio managers Josh Riegelhaupt and Neal Kaufman are responsible for all investment decisions. Riegelhaupt and Kaufman work collaboratively with the research analysts to generate ideas, evaluate businesses, and formulate investment decisions.

### What this manager brings to the Fund

Baron's investment philosophy and process, based on fundamental investing, has been developed over time and successfully applied to different markets and different asset classes. Their research driven approach, active management style, and stock selection process have resulted in long-term outperformance, and Russell Investments expects this approach will continue to be favorable in the future.

### Investment process

Baron has a fundamental, bottom-up, and research driven investment approach. They identify companies they believe have strong fundamentals, regardless of the macroeconomic environment, and invest for the long term. It is highly important for them to review a company's future growth potential, not just its current valuation. Baron searches for companies with unique business models and invests in them when their prices are below their estimates of intrinsic value. For selecting biotechnology investments specifically, Baron focuses on businesses that solve problems, whether by reducing costs, enhancing efficiency, and/or improving outcomes. Secular growth themes represented in Baron's portfolio include genomics, innovative new drugs, drug development software and technology platforms, synthetic biology, and antibody technologies.

### Russell Investments' manager analysis

Baron utilizes a fundamental approach to constructing a 40-50 stock portfolio of companies within the U.S. small cap biotechnology industry with a focus on those with above benchmark sales growth and revenue revisions as well as below benchmark balance sheet leverage and price volatility. Investments are typically made with a three-year horizon, which historically have resulted in moderate annualized turnover of 35-45%. The team adheres to a thoughtful positioning sizing methodology with larger weights focused on later stage companies, diversification by investment themes/stages of clinical trials, and limited exposure to early stage/single drug companies. Excess returns are expected to be predominately driven by security selection. The portfolio is typically expected to exhibit a quality bias with lower volatility, which may lead the strategy to underperform when the overall Biotech industry performance is strong but is expected to be beneficial when the overall Biotech industry underperforms the broad market.

# Copeland Capital Management, LLC

## Firm background

Copeland Capital Management, LLC is a boutique investment management firm specializing in dividend growth investing. The firm manages portfolios for high net worth individuals and many types of institutions, including corporate pension plans, educations and religious endowments, charitable foundations, health care institutions, and municipalities.

**Headquarters:** Conshohocken, PA

**Founded:** 2005

**Lead manager:** Mark Giovanniello, CFA

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

**Number of holdings:** 40-50

**Capitalization level:** Small and mid-cap

## Manager profile

Copeland Capital Management, LLC (Copeland) was added to the Tax-Managed U.S. Mid & Small Cap Fund in December 2017. Mark Giovanniello is the firm's CIO and is the key decision maker, backed by a robust investment team.

## What this manager brings to the Fund

Russell Investments believes dividend growth strategies can be effective in the U.S. small/mid cap market, and that Copeland is especially skilled at identifying which companies are more likely to sustain their historical dividend growth.

## Investment process

Copeland's strategy generally invests in domestic companies that have historical track records of consistent dividend growth. Dividend growth is more important to the strategy than absolute level of dividends.

Copeland believes that a company's dividend growth rate is a significant driver of its total return. Strategy holdings are selected using a proprietary multi-factor quantitative model. The model seeks companies with a history of consistent dividend increases and financial stability that Copeland believes will continue. The highest-ranking names are then evaluated through a fundamental research process.

The investment process is collaborative and typically includes every member of the investment team. Each analyst has specific sector coverage responsibility. The team meets on a daily basis to discuss current holdings in the portfolio, pertinent macro-economic and geopolitical news, and trading recommendations, if any. Every team member provides input in determining the names that are included in the portfolio. The portfolio manager, Mark Giovanniello, has the final decision in determining names for inclusion as well as portfolio weights.

## Russell Investments' manager analysis

Copeland was founded in 2005 with a focus on U.S. large cap securities, but the hiring of Mark Giovanniello and launch of the firm's small- to mid-cap strategies in 2009 catapulted those strategies to flagship status at the firm, which prompted Russell Investments to begin researching them in 2012. Russell Investments values Copeland's 100% employee-owned status as well as the uniqueness of its investment philosophy relative to small cap peers.

Copeland is expected to outperform when high dividend growth, higher quality factors (such as return on equity), and stocks with lower earnings variability and price volatility are rewarded. Copeland is expected to underperform in aggressive stock market rallies led by higher risk and volatility market segments.

# Tax-Managed U.S. Mid & Small Cap Fund

## DePrince, Race & Zollo, Inc.

### Firm background

DePrince, Race & Zollo, Inc. (DRZ) is an employee owned, boutique institutional asset management firm. The firm provides services to investment companies, pension and profit-sharing plans, pooled investment vehicles, corporations, foundations, endowments, hospitals, healthcare companies, public funds, unions, and Taft Hartley plans.

**Headquarters:** Winter Park, FL

**Founded:** 1995

**Lead manager:** Randy Renfrow

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

**Number of holdings:** 70-90

**Capitalization level:** Small and mid-cap

### Manager profile

DRZ was added to the Tax-Managed U.S. Mid & Small Cap Fund in 2021. Randy Renfrow is the portfolio manager with a talented team of analysts supporting him.

### What this manager brings to the Fund

DRZ's Small-Mid Cap Value strategy emphasizes stocks with attractive relative value and fundamental catalysts. The approach also includes a dividend requirement that helps to focus the stock selection effort on profitable, cash flow generative companies.

### Investment process

DRZ believes that a valuation-sensitive approach to dividend yield investing can provide downside mitigation and reduces total portfolio volatility. The firm also believes that dividend yield provides the most reliable valuation measure and offers concrete evidence of real earnings. DRZ's investment philosophy is based on the belief that undervalued stocks with an above-average dividend yield and the existence of an imminent fundamental catalyst provide the opportunity for total returns with reduced volatility.

This bottom-up process strives to identify companies with strong balance sheets where fundamentals are expected to improve. Sector and industry weights are a residual of the stock selection process, and the portfolio is expected to have significant sector deviations from the benchmark. DRZ will also rotate the portfolio through the market cycle in response to changing valuation and catalyst signals. DRZ does not necessarily seek the highest dividend yield stocks but is focused on identifying the best investment opportunities within the dividend paying universe of U.S. small cap companies.

### Russell Investments' manager analysis

Russell Investments believes that DRZ will add value by identifying highly discounted securities with above average dividend yield that it believes are poised to experience positive fundamental change. Russell Investments believes DRZ's sell-discipline is robust and the manager is particularly effective at selling when specific catalysts fail to materialize or when companies experience fundamental disappointments. Russell Investments also believes that DRZ's attention to downside risk and a strong emphasis on dividend yield differentiate DRZ from peers.

DRZ is generally expected to perform best in yield-oriented market environments where higher than average dividend yield trends exist in the market. DRZ will likely face headwinds in speculative markets when yield is not rewarded.

# Penn Capital Management Company, LLC

## Firm background

Penn Capital Management Company, LLC is a boutique, SEC-registered investment management firm that specializes in the leveraged finance market—the credit and equity of non-investment grade companies.

**Headquarters:** Philadelphia, PA

**Founded:** 1987

**Lead manager:** Eric Green, CFA

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

**Number of holdings:** 40-80

**Capitalization level:** Small and mid-cap

## Manager profile

Penn Capital Management Company, LLC (Penn) was added to the Tax-Managed U.S. Mid & Small Cap Fund in August 2023. The small- to mid-cap strategy used in this fund is led by Eric Green, who also serves as the CIO of Equity for the firm.

## What this manager brings to the Fund

Russell Investments believes Penn's credit research expertise enables it to view a company from a unique perspective. Penn seeks to exploit inefficiencies between the equity and debt markets that are often ignored by traditional equity investors. This may allow Penn to identify attractive companies before equity market participants.

## Investment process

For more than 20 years, Penn has maintained an integrated credit and equity research process. The firm believes that, at both a micro and macro level, credit markets can act as an early indication for trends in the equity markets. It believes that credit cycles typically drive economic cycles, and bond prices tend to lead equity prices.

The firm believes that its credit research expertise provides an advantage in the early identification of companies which have the potential to improve their earnings and to re-rate by improving their capital structure. These companies with improving business fundamentals are expected to pay down debt, refinance at more favorable rates, or buy back company shares. Penn also includes companies with strong balance sheets and a conservative cash flow profile.

Russell Investments believes that Penn's efforts to identify multiple catalysts driving a company's future earnings growth and prospective price appreciation potential differentiates it from peers. The focus on capital structure driven opportunities and the crossover of ideas from the high yield credit market are distinguishing elements of Penn's process.

## Russell Investments' manager analysis

Russell Investments has been researching Penn's equity strategies since 2007. Penn employs a large team of portfolio managers and analysts who focus on analysis of each company's complete capital structure for potential investment in the debt and/or equity securities of each company. Russell Investments finds the firm's competitive culture to be a notable advantage versus peers of a similar size.

With a broad mix of both growth and value stocks, combined with an emphasis on multiple catalysts, Penn's strategy has the potential to perform well in a variety of market environments. A period of a prolonged capital market crisis where companies are unable to refinance or borrow may prove challenging for Penn's investment process, as will general equity market sell offs where higher volatility securities are out of favor.

# Tax-Managed U.S. Mid & Small Cap Fund

## Polen Capital Management, LLC

### Firm background

Polen Capital Management, LLC is a high-conviction growth investment manager.

**Headquarters:** Boston, MA

**Founded:** 1979

**Lead managers:** Rayna Lesser Hannaway

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

**Number of holdings:** 25-30

**Capitalization level:** Small cap

### Manager profile

Polen Capital Management, LLC (Polen) was added to the Tax-Managed U.S. Mid & Small Cap Fund in November 2020. The small cap team at Polen is led by experienced portfolio manager Rayna Lesser Hannaway.

### What this manager brings to the Fund

Polen's U.S. small cap growth strategy seeks to achieve long-term growth by investing in a concentrated stock portfolio consisting of quality-driven companies with what it believes to have strong competitive advantages and potential for sustained growth.

### Investment process

Portfolio manager, Rayna Lesser Hannaway, is supported by a team of six analysts who display strong alignment with the team's philosophy and security selection criteria emphasizing companies with what it believes to have strong competitive advantages that are expected to consistently generate organic revenue growth, have stable to improving margins, high return ratios, positive free cash flow, and above average earnings growth.

### Russell Investments' manager analysis

Polen's strategy is at a relatively attractive early point in its lifecycle with moderate levels of assets under management. Russell Investments views this as conducive to ample investment flexibility, as well as high motivation among the investment team.

Russell Investments views the team's focus on a long term 3-5 year investment horizon and concentrated portfolio of 25-30 stocks favorably and expects the firm's strong culture of debate and challenge to support strong excess return generation over the market cycle.

Polen is typically expected to perform well in growth-led market environments and in periods when quality characteristics such as high returns on capital and low financial leverage are rewarded. Polen has performed well in environments led by less volatile stocks. Performance is likely to be challenged in low quality or high beta rallies or when there is significant valuation compression in quality-growth stocks.

# Tax-Managed U.S. Mid & Small Cap Fund

## Royce & Associates, LP

### Firm background

Royce & Associates is a small caps specialist asset management firm with a long history of investing since 1972. After the acquisition of its parent, Legg Mason by Franklin Templeton, Royce continues to operate as an independent investment organization with its own brand, underscoring the distinctiveness of Royce's investment culture and processes.

**Headquarters:** New York, NY

**Founded:** 1971

**Lead manager:** Miles Lewis

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**Asset class:** U.S Equity

**Number of holdings:** approximately 85

**Capitalization level:** Small cap

### Manager profile

Royce's Small Cap Quality Value Strategy was added to the Tax-Managed U.S. Mid & Small Cap Fund in August 2023. This strategy at Royce is led by an experienced portfolio manager Miles Lewis.

### What this manager brings to the Fund

Royce is suitable for a defensive value role in the Fund. The team seeks to invest in out of favor quality stocks, which allows them to exploit the market's short-termism through a robust research process and valuation discipline.

### Investment process

Portfolio manager, Miles Lewis, is supported by a team of three analysts. The team invests at the intersection of quality and value—they look for companies that are returning capital to shareholders through dividends or buybacks, have attractive returns on capital, and are trading at attractive valuations. Quality characteristics include strong free cash flow generation, organic growth, low capital intensity and lower volatility of returns and margins. The team follows a robust research process with an emphasis on understanding the nature of any issues facing the stock to evaluate if it is cyclical/transitory or structural.

### Russell Investments' manager analysis

The Royce Small Cap Quality Value strategy is led by an experienced portfolio manager with the support of three dedicated team members. The team displays a disciplined and detailed fundamental research process aligned with its philosophical beliefs.

The strategy is expected to outperform when quality stocks (high ROE, low earnings variability) are in favor. The strategy is typically expected to struggle in low-quality and/or momentum-driven markets and/or when high beta portfolios are rewarded.

# Tax-Managed U.S. Mid & Small Cap Fund

## Summit Creek Advisors, LLC

### Firm background

Summit Creek Advisors LLC is an emerging small cap growth investment management firm. The firm provides separately managed accounts to corporate and public pensions, foundations and endowments, family offices and high net worth individuals.

**Headquarters:** Minneapolis, MN

**Founded:** 2005

**Lead managers:** Joe Docter, CFA and Adam Benson, CFA

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

**Number of holdings:** 50-55

**Capitalization level:** Small and mid-cap

### Manager profile

Summit Creek Advisors LLC (Summit Creek) was added to the Tax-Managed U.S. Mid & Small Cap Fund in 2010. Joe Docter leads this small/mid cap growth manager assignment at Summit Creek.

### What this manager brings to the Fund

Through in-depth fundamental research, Summit Creek searches for companies with low financial leverage, high return on equity, strong cash flow and significant management ownership. The team creates detailed financial models on all portfolio holdings and fully evaluates a company's competitive positioning and ability to execute on the business plan.

### Investment process

Summit Creek's investment team uses a bottom-up investment process to identify established companies with what it believes to be consistent and sustainable revenue and earnings growth over a 3 to 5-year investment horizon. Through in-depth fundamental research, the firm searches for companies with low financial leverage, high return on equity, strong cash flow and significant management ownership.

Once a stock is in the portfolio, Summit Creek continues to perform its rigorous research. The team creates detailed financial models on all portfolio holdings and fully evaluates a company's competitive positioning and ability to execute on the business plan. In addition, Summit Creek has frequent discussions with company management, competitors, suppliers, and attends numerous investor conferences.

Summit Creek's portfolio has approximately 50 stocks, and a longer-term outlook, which results in a relatively low turnover. This is intended to make Summit Creek's portfolio more tax-efficient and consistent with the Fund's investment objective of seeking to provide long-term capital growth on an after-tax basis.

### Russell Investments' manager analysis

Russell Investments believes the firm possesses an experienced and motivated team, an established investment discipline, a good long-term track record, and optimal ownership structure and research environment.

Russell Investments has been following the team at Summit Creek for several years, since the team was with a previous firm. The team founded Summit Creek in 2005.

Summit Creek will likely perform better when growth leads and when price volatility and earnings variability are low. The firm will likely underperform when value is leading, when lower quality stocks are leading, and in more volatile markets.

# 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, TAX MANAGEMENT, & CASH RESERVES

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

**Number of holdings:** 100-500

**Capitalization level:** Small and mid-cap

RIM oversees all investment advisory services to the Fund and manages assets not allocated to managers.

## Manager and strategy oversight

RIM's portfolio managers seek to ensure that Fund outcomes are consistent with Fund objectives. The portfolio manager and analysts track the effectiveness of every money manager and strategy in the Fund. Occasionally, adjustments may be necessary due to reasons such as a change in control at a money manager, the opportunity to select another manager or strategy the portfolio manager believes offers an investment proposition that would help improve the fund, or changes in market dynamics.

Any significant Fund changes must be validated through an internal governance process to ensure all key considerations were addressed by the portfolio manager. Money manager changes are also subject to approval by the Fund's Board of Trustees.

## Investment management

RIM manages a positioning strategy within the Fund, which is designed with the dual mandate of improving the Fund's after-tax returns as well as controlling Fund-level exposures and/or risks to meet preferred positioning. 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 active manager strategies to reflect Russell Investments' strategic and dynamic insights with integrated liquidity and risk management.

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

Additionally, this strategy, in conjunction with RIM's overall management of the total fund, also engages in active tax management strategies such as tax-loss harvesting, deferral of gains, tax-lot management and management of wash sales in order to further enhance the Fund's after-tax returns. RIM's management of the entire fund allows the firm to purchase and sell securities in an effort to make optimal tradeoffs at the total fund level between fund exposures and tax management activities. RIM also strives to enhance the ongoing tax efficiency of the Fund by seeking to manage wash sales and assisting in the tax management of manager weight changes and transitions.

## Managing the liquidity reserve

Every RIC mutual fund maintains cash reserves, which is cash awaiting investment or held to meet redemption requests or to pay expenses. This Fund typically exposes all or a portion of its cash to the performance of appropriate markets by purchasing equity securities and/or derivatives (also known as "equitization"), which typically includes index futures contracts. The Fund invests any remaining cash in an unregistered cash management fund advised by RIM.

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

## **IMPORTANT RISK DISCLOSURES**

Mutual Fund investing involves risks, principal loss is possible.

Money managers listed are current as of January 1, 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.

Small capitalization (small cap) investments generally involve stocks of companies with a market capitalization based on the Russell 2000® Index. Investments in small cap, micro cap, and companies with capitalization smaller than the Russell 2000® Index are subject to the risks of common stocks, including the risks of investing in securities of large and medium capitalization companies. Investments in smaller capitalization companies may involve greater risks as, generally, the smaller the company size, the greater these risks. In addition, micro capitalization companies and companies with capitalization smaller than the Russell 2000® Index may be newly formed with more limited track records and less publicly available information.

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

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

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

Please remember that all investments carry some level of risk, including the potential loss of principal invested. They do not typically grow at an even rate of return and may experience negative growth. As with any type of portfolio structuring, attempting to reduce risk and increase return could, at certain times, unintentionally reduce returns.

**Fund objectives, risks, charges and expenses should be carefully considered before investing. A summary prospectus, if available, or a prospectus containing this, and other important information can be obtained by calling 800-787-7354 or by visiting [russellinvestments.com](http://russellinvestments.com). Please read a prospectus carefully before investing.**

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