

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

## Money Manager and Russell Investments Overview



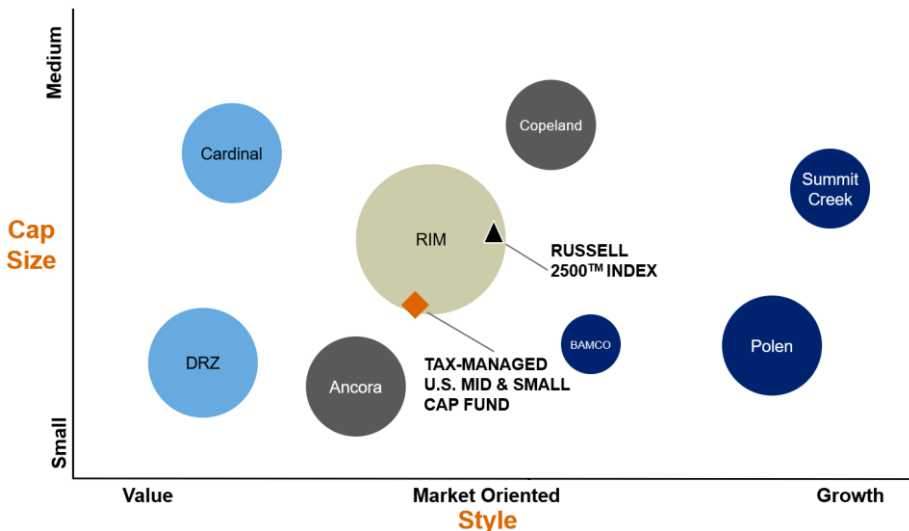
### Russell Investments' approach

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 funds and manage assets not allocated to money managers.

### The Fund

The Tax-Managed U.S. Mid & Small Cap Fund includes managers and strategies that use different investment styles based on stock selection and the level of tax-efficiency of their approaches. For example, the Fund may have a growth manager that selects higher quality growth companies, focusing on longer-term economic, geopolitical and business trends. Another growth manager may focus on security selection with the belief that earnings expectations drive stock prices. A value manager may be selected for its strong, bottom-up research, while another may focus on attractively priced value stocks with clear drivers of profit growth and price appreciation. In addition to the managers' strategies, Russell Investments manages a portion of the Fund's assets internally to seek to further enhance and diversify the Fund's investment strategies. Part of this is a tax optimized strategy that is expected to help harvest taxable losses to enhance post-tax returns. The Fund's benchmark is the Russell 2500™ Index.

### Fund mosaic



### Russell Investments portfolio managers

Megan Roach is a Portfolio Manager with primary responsibility for Russell Investments' small/mid-capitalization and large cap defensive U.S. equity funds. Prior to assuming portfolio management responsibilities, Megan served on the small cap manager research team from 2005 to 2015, including acting as head of research for the asset class since 2013. Megan holds a BA in finance and an MBA in investment management. Megan has been with Russell Investments since 2004.

### The portfolio managers' role

The Russell Investments portfolio manager is responsible for identifying and selecting the strategies and money managers included in the Fund and determining the weight for each assignment. The portfolio manager manages the Fund on a daily basis to help keep it on track, 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 some of the tools at the portfolio manager's disposal to help identify opportunities and manage risk.

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

Russell Investments 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. This may constitute 5% or more of fund assets at any given time.

# 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.	4%	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 above-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.
Cardinal Capital Management, L.L.C.	9%	Invests in small and mid cap value companies that generate significant free cash flow with high returns on capital.	Value	Cardinal purchases stocks when it believes they trade at a reasonable valuation based on a five-year discounted cash flow model. Cardinal has historically displayed an ability to accurately forecast future cash flows and identify catalysts to unlock value.
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.
Polen Capital Management, LLC	9%	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.
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)**	43%	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

---

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

**Number of holdings:** 50-70

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

**Sub-style:** Special situations

### 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

---

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

**Number of holdings:** 40-50

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

**Sub-style:** Biotechnology

### 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 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, resulting in moderate annualized turnover of 35-45%. Baron's focus on growing companies with better quality characteristics is intended to help mitigate downside risk versus the benchmark. Baron adheres to a 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.

### 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 business 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 is a biotechnology specialist. Russell Investments' recommendation to add a biotechnology specialist to the Fund was the result of the biotechnology industry's growing weight in the U.S. small and mid-cap opportunity set.

Russell Investments' conviction in the strategy's ability to outperform the Russell 2000 Biotechnology Industry Index is based on the portfolio managers', Neal Kaufman and Josh Reigelhaupt, extensive experience in investing in health care and biotechnology stocks as well as their science/biology academic backgrounds which is a key differentiator versus other small cap managers. The product is also at an attractive early point in its lifecycle with Russell Investments as the first investor in Baron's dedicated Small Cap Biotechnology Strategy which Russell Investments views as conducive to ample implementation flexibility as well as high motivation among the investment team.

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

## Cardinal Capital Management, L.L.C.

### Firm background

Cardinal Capital Management, L.L.C is an investment management firm focused on small and mid-cap value equities. The firm has specialized in value stocks since its founding in 1995.

**Headquarters:** Greenwich, CT

**Founded:** 1995

**Lead managers:** Eugene Fox III and Robert Kirkpatrick

---

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

**Number of holdings:** 45-65

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

**Sub-style:** Value

### Manager profile

Cardinal Capital Management, L.L.C (Cardinal) was added to the Tax-Managed U.S. Mid & Small Cap Fund in 2019. The strategy used in this Fund is managed by Eugene Fox III and Robert Kirkpatrick, both managing partners of the firm.

### What this manager brings to the Fund

Cardinal seeks to invest in stocks of companies that generate significant free cash flow with high returns on capital. These companies generally have stable business models, competent and motivated management teams, and a good record of reinvesting the firm's excess cash flow. Cardinal purchases these stocks when it believes they trade at a reasonable valuation based on a five-year discounted cash flow model. Cardinal's quality-driven, value-oriented focus is expected to provide strong diversification and compelling excess return sources to complement the Fund's other strategies.

### Investment process

Cardinal has a deep research, value-oriented investment philosophy, often focused on companies involved in special situations such as mergers and acquisitions, restructurings and spin-offs. Cardinal employs a bottom-up investment process, and the firm begins this by finding securities that are mispriced due to market inefficiencies arising from market biases, information flows, or business changes. Cardinal believes that a company's stock price is ultimately determined by its ability to generate excess cash flow and to redeploy that cash to enhance shareholder value. Its investment team attempts to add value through fundamental research, discounted cash flow valuation analysis, and portfolio management tailored to balance return and risk.

### Russell Investments' manager analysis

Cardinal has historically displayed an ability to accurately forecast future cash flows and identify catalysts to unlock value. The firm's level of contact with companies and industry experts, and diligence in assessing historical financials and industry dynamics allow it to have greater confidence in its investment ideas. Russell Investments believes that the combination of selection criteria and the firm's valuation methodology represent a competitive advantage. The firm is highly motivated and deeply committed to value investing with a team of seasoned small and mid cap investors.

# 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

---

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

**Number of holdings:** 40-50

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

**Sub-style:** Dividend growth

## 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 with market capitalizations between \$250 million and \$2 billion 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

---

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

**Number of holdings:** 70-90

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

**Sub-style:** Relative value with yield emphasis

### 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 investment professionals perform well with respect to making decisions to sell and are 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.



# 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

---

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

**Number of holdings:** 25-30

**Capitalization level:** Small cap

**Sub-style:** Consistent growth

### 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 four 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 an attractive early point in its lifecycle with relatively low 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.

# 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

---

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

**Number of holdings:** 50-55

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

**Sub-style:** High earnings growth

### 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 emerging 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 Creeks' 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

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 with minority stakes held by funds managed by Reverence Capital Partners, Russell Investments' management, and Hamilton Lane Incorporated. Russell Investments provides asset management and investment services to institutional and individual investors around the world.

**Headquarters:** Seattle, WA

**Founded:** 1936

---

## 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

Russell Investments' portfolio managers have ultimate responsibility for ensuring fund outcomes are consistent with Fund objectives. The portfolio managers 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 managers. 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 fully reflect Russell Investments' strategic and dynamic insights with integrated liquidity and risk management.

The positioning strategy used in this Fund is a dedicated portion of the Fund assets that can be rebalanced as needed by the portfolio 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 Russell Investment Company mutual fund maintains cash reserves, which is cash awaiting investment or held to meet redemption requests or to pay expenses. This Fund typically exposes all or a portion of its cash to the performance of certain 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 short-term investments, including an unregistered cash management fund advised by Russell Investments.

**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 September 7, 2022. 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<sup>®</sup> Index. Investments in small cap, micro cap, and companies with capitalization smaller than the Russell 2000<sup>®</sup> 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<sup>®</sup> 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.**

Indexes are unmanaged and cannot be invested in directly.

The Russell 2500 Index is an index of 2,500 issues representative of the U.S. small to medium-small capitalization securities market.

The Russell 2000 Biotechnology Industry Index is an index of 2,000 issues representative of the U.S. small capitalization biotechnology securities market.

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.

Income from funds managed for tax efficiency may be subject to an alternative minimum tax, and/or any applicable state and local taxes.

Diversification and strategic asset allocation do not assure profit or protect against loss in declining markets.

Russell Investments cannot provide tax advice. Please consult a tax consultant for further questions and/or prior to investing.

Russell Investments' ownership is composed of a majority stake held by funds managed by TA Associates, with a significant minority stake held by funds managed by Reverence Capital Partners. Russell Investments' employees and Hamilton Lane Advisors, LLC also hold minority, non-controlling, ownership stakes.

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

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

Copyright © 2022 Russell Investments Group, LLC. All rights reserved. This material is proprietary and may not be reproduced, transferred, or distributed in any form without prior written permission from Russell Investments. It is delivered on an "as is" basis without warranty.

Date of First Use: January 2011. Revised: September 2022.

RIFIS-24464 (Exp. 12/23)