MULTI-STRATEGY INCOME FUND

Money Manager and Russell Investments Overview

May 2019

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 Multi-Strategy Income Fund seeks to provide a responsible level of yield, which means the Fund seeks to maximize current yield while not sacrificing the potential for long-term capital appreciation. The Fund principally invests in a broad range of income-producing equity, real asset and fixed income securities.

Each of the managers within the Fund have been identified for their specific expertise in income-producing securities—such as global listed infrastructure, REITs, global equities, emerging market debt, and global credit. 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. The Fund's primary benchmark is the Intercontinental Exchange Bank of America Merrill Lynch (ICE BofAML) Global High Yield 2% Constrained Index (USD Hedged).

Asset classes and strategies in the fund (as of May 2019)

FIRM NAME	ROLES
Boston Partners*	U.S. equity – small cap value
Cohen & Steers[1]*	Global real estate and infrastructure
DDJ	High yield debt
GLG	Emerging markets debt
Invesco[2]*	Global equity
Janus/Perkins*	Global equity
Kopernik*	Global equity
Oaktree	Convertibles
Putnam	Mortgages
Sompo*	Japan equity – large cap value
THL	Bank loans
T. Rowe Price	Global credit
Russell Investment Management, LLC (RIM)**	Positioning strategies

[1]Cohen & Steers Capital Management, Inc. refers to Cohen & Steers Capital Management, Inc. (New York, NY), Cohen & Steers UK Limited (London, UK) and Cohen & Steers Asia Limited (Central Hong Kong).

[2]Invesco Advisers, Inc. acquired OFI Global Institutional, Inc. effective May 2019.

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

**RIM manages this portion of the Fund's assets to effect the Fund's investment strategies and/or to actively manage the Fund's overall exposures to seek to achieve the desired risk/return profile for the Fund. Positioning strategies are used to seek excess return and manage portfolio risks by targeting specific exposures. These strategies are used in conjunction with allocations to third-party managers to fully reflect Russell Investments' strategic and dynamic views with integrated liquidity and risk management.

Russell Investments portfolio managers

Brian Meath is global chief investment officer of the multi-asset solutions team and has primary responsibility for the oversight of all multi-asset and balanced funds managed by Russell Investments globally. Brian re-joined Russell Investments in 2010, having previously been with the firm from 1995 to 2000, where he was head of global equity research. From 2007 through 2010, Brian launched and managed Cause Investments. Brian holds a BA in international studies and a MA in international business studies. Brian first joined Russell Investments in 1995.

Rob Balkema is a senior portfolio manager with Russell Investments' multi-asset solutions team. Rob is responsible for creating strategic asset allocations for the funds, selecting managers or passive alternatives to populate asset classes, integrating capital market insights and market strategist views, and positioning the total portfolio. Prior to this role, Rob was a senior research analyst on the global equity team. Rob holds a BA in economics. He joined Russell Investments in 2006.

The portfolio manager's role

The 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, 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 manager's disposal to help identify opportunities and manage risk.

Target allocation of fund assets

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

3%	Boston Partners Global Investors, Inc.*
14%	Cohen & Steers Capital Management, Inc.[1]*
8%	DDJ Capital Management, LLC
10%	GLG LLC
5%	Invesco Advisers, Inc.[2]*
6%	Janus Capital Management LLC and Perkins Investment Management, LLC*
3%	Kopernik Global Investors, LLC*
6%	Oaktree Capital Management, L.P.
6%	Putnam Investment Management, LLC
5%	Sompo Japan NipponKoa Asset Management Co., Ltd.
14%	THL Credit Advisors LLC
9%	T. Rowe Price Associates, Inc.
11%	RIM**

Not FDIC Insured - May Lose Value - No Bank Guarantee

Multi-Strategy Income Fund

Managers and Strategies Summary

May 2019

NAME	ALLOCATION	INVESTMENT FOCUS	ROLE	DETAILS OF ROLE IN THE FUND
BostonPartners	3%	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	14%	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.	Global real estate and infrastructure	Cohen & Steers' mandate for this Fund is a blend of their listed infrastructure strategy and their global real estate securities strategy.
	8%	Uses a deep value approach to its credit analysis process.	High yield debt	DDJ specializes in identifying investment opportunities in high yield corporate (i.e. junk) bonds and loans, as well as debt of companies that are experiencing financial duress but with what it believes to be a competent management team, sustainable market position and/or adequate asset value.
	10%	Takes a disciplined approach that incorporates fundamental, technical and valuation analysis.	Emerging markets debt	GLG brings an emerging markets debt strategy to the Fund with a large focus on downside protection. The strategy is expected to provide access to the yield offered by the emerging market debt yield curve and the potential for emerging market currency appreciation relative to the dollar and other hard currencies.
	5%	Takes a bottom-up, fundamental approach to stock selection which they believe is their primary source of value.	Global equity	Invesco aims to add value by identifying stocks of companies that they believe will be advantaged by structural growth themes and are trading at a large discount to what Invesco believes they are worth.
PERKINS INVESTMENT MANAGEMENT	6%	Uses a bottom-up approach to build diversified portfolios of what it believes to be high quality, undervalued stocks with favorable reward-to-risk characteristics.	Global equity	Janus/Perkins is a global equity manager with a low volatility, value-oriented style. The firm's strategy typically will invest in large cap stocks of companies throughout the world, including emerging markets. Perkins assessment of value is generally more conservative relative to the broad market.
Kopernik Global Investors, LLC	3%	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.

Multi-Strategy Income Fund

Managers and Strategies Summary (continued)

May 2019

NAME	ALLOCATION	INVESTMENT FOCUS	ROLE	DETAILS OF ROLE IN THE FUND
OAKTREE	6%	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.	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.
Putnam INVESTMENTS	6%	Putnam's strategy primarily emphasizes prepayment risk and securitized credit risk as the key drivers of returns.	Mortgages	Putnam's strategy will seek to generate return by capturing yield and capital appreciation from investments in mortgage credit as well as by seeking opportunities in the more interest rate sensitive agency mortgage derivatives.
Sompo Japan Nipponkoa Asset Management Co.,Ltd.	5%	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.
THL Credit	14%	Incorporates a four-dimensional approach: top down analysis, bottom up research, qualitative analysis and quantitative analysis.	Bank loans	THL invests solely in U.S. bank loans (a.k.a. "leveraged loans"), which is expected to provide a more defensive bias than any of the fund's existing corporate high yield money managers.
T.RowePrice INVEST WITH CONFIDENCE	9%	Applies a risk managed security selection approach to add value within the global corporate universe.	Global credit	T. Rowe Price brings a global investment grade credit strategy to the Fund with a focus on minimizing downside risk during periods of volatility.
Russell Investment Management, LLC ("RIM")	11%	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	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 reserves, which may constitute 5% or more of Fund assets at any given time (not included in the percentage cited on the left).

Boston Partners Global Investors, Inc.

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: Richard Shuster, CFA

Role: U.S. equity
Strategy: Small cap value
Number of holdings: 80-1220

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 representing its investment recommendations, based upon which Russell Investments purchases and sells securities for the Fund. Russell Investments 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. This strategy is led by Richard Shuster, who is backed by a skilled investment team whose members have worked together since 1999.

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 exploit 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, valuation, and potential for downside protection. 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 two key drivers of Boston Partners’ success include the lead manager, Richard Shuster, who Russell Investments believes to be an experienced and talented small and micro-cap investor. The 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.

Cohen & Steers Capital Management, Inc.

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 manager: Infrastructure: Bob Becker / Real Estate: Jon Cheigh

COHEN & STEERS

Role: Global real estate and infrastructure
Strategy: Market-oriented real estate and non-traditional infrastructure
Number of holdings: 400-700

Strategy: Real estate
Number of holdings: 75-125
Investment approach: Most of the excess return potential is expected to come from bottom-up stock selection. The overweights to a sector or region are generally derived from the bottom-up stock valuations, however the firm will occasionally make an overweight decision based upon a thematic view.

Strategy: Non-traditional infrastructure
Number of holdings: 60-85
Manager strategy: The Cohen & Steers investment process features bottom-up and top-down components designed to integrate company, sector, and macro-level analysis. The objective of the strategy is to provide income generation, total returns, low volatility and low correlations to broader equities. The team seeks to meet this objective by investing in companies that own long-lived assets that have monopolistic characteristics, a universe largely consisting of regulated entities.

Manager profile

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

What this manager brings to the Fund

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

Investment process

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, sea ports, rail, and communications in each of the major global regions. The objective of the strategy is to provide income generation, total return, 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 achieved 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.

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.

Russell Investments' manager analysis

Cohen & Steers' infrastructure strategy is expected to do well in most market environments. Periods when net asset value and cash flow for infrastructure assets in general are not key drivers of share prices may be difficult for the manager. 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.

Cohen & Steers' real estate strategy should do well in market environments when stock selection is a key driver of returns. A difficult time for this manager 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.

DDJ Capital Management, LLC

Firm background

DDJ Capital Management, LLC is an institutional manager of high yield bond and loan strategies. DDJ serves corporate and public retirement funds, insurance companies, endowments, foundations and family offices worldwide.

Headquarters: Waltham, MA
Founded: 1996
Lead manager: Tony Ranaldi

Role: High yield debt
Strategy: U.S. high yield bonds and loans
Number of holdings: 60-80

Manager profile

DDJ Capital Management, LLC (DDJ) was added to the Multi-Strategy Income Fund at its launch in 2015.

What this manager brings to the Fund

The firm specializes in identifying investment opportunities in high yield corporate (i.e. junk) bonds and loans, as well as debt of companies that are experiencing financial duress but with what it believes to be a competent management team, sustainable market position and/or adequate asset value.

Investment process

DDJ's investment process involves observing a company as a whole and deriving a real-time total enterprise value, and then only targeting those fixed income investments in that company's capital structure that DDJ believes offer a significant margin of safety and strong return potential. The ability to invest in both bank loans and bonds is an important component to DDJ's U.S. opportunistic high yield strategy, as this flexibility enables DDJ to most effectively implement its investment strategy based on its bottom-up fundamental analysis of each investment opportunity. DDJ believes that its portfolios can achieve their performance objectives by buying the debt securities of companies at deep discounts to intrinsic value giving significant cushion from a loan-to-value perspective; fully understanding all of the relevant aspects of a particular bond indenture or loan document with a particular focus on downside or bankruptcy scenarios; and managing liquidity in the portfolio by limiting the number and size of positions considered to be less liquid in nature to those that are anticipated to generate a significant return premium.

DDJ utilizes a deep-value approach to its credit analysis process. In examining investment opportunities, analysts focus on the ability of companies to generate free cash flow and perform a risk assessment from a loan-to-value perspective. All investment ideas are evaluated utilizing a relative value (yield vs. risk incurred) approach. During the diligence process, analysts develop an understanding for the key drivers that can influence financial performance and attempt to understand the potential impact that changes in demand or key input costs may have on financial performance.

Russell Investments' manager analysis

The investment team at DDJ displays a strong security selection methodology. Russell Investments believes DDJ's in-depth coverage and broad perspective should give it a competitive advantage relative to other firms who just concentrate on benchmark constituents in a long-only context.

Russell Investments expects DDJ to do well when lower quality risk is rewarded, and lag when there is a flight to high quality.

GLG LLC

Firm background

GLG LLC is a global investment management organization. They run a diverse range of investment products and services with robust risk control.

Headquarters: London, UK
Founded: 1995
Lead manager: Guillermo Osses

Role: Fixed income
Strategy: Emerging markets debt
Number of holdings: 80-100

Manager profile

GLG LLC (GLG) was added as a discretionary manager to the Fund in March 2017. The strategy is led by Guillermo Osses. He is supported by a team of four portfolio managers and one portfolio engineer.

What this manager brings to the Fund

GLG brings an emerging markets debt strategy to the Fund with a large focus on downside protection. The strategy is expected to provide access to the yield offered by the emerging market debt yield curve and the potential for emerging market currency appreciation relative to the dollar and other hard currencies. The team has a proven track record to perform in both up and down markets within a risk-controlled framework. There is no clear bias to being defensive or overweight risk. GLG's strategy is very dynamic in nature, rotating quickly based on their model output and qualitative views.

Investment process

GLG's strategy takes a disciplined approach and incorporates fundamental, valuation and technical analysis. The strategy focuses on perceived sections of the emerging markets debt market that have the best chance of providing consistent excess returns. The team has a concrete plan with well-thought out positions to buy that they believe will help achieve an attractive return for the strategy.

Russell Investments' manager analysis

Russell Investments believes Mr. Osses is one of the most skilled portfolio managers in the emerging market debt space. His years of experience as a currency trader gives him a good base for monitoring key signals in the market. The team has strong understanding of emerging markets debt peers and their own past performance. Currency selection is expected to be the primary driver of relative performance with interest rate positioning as a secondary driver.

Russell Investments believes GLG's strategy is one of the few all-weather strategies in the local currency emerging markets debt universe given that it is not biased towards being overweight or underweight rates, being overweight credit or taking outright views on the asset class. The strategy may underperform in a market environment with significant sentiment-driven market distress across emerging markets given its fundamental valuation-based approach.

Invesco Advisers, Inc.*

Firm background

Invesco Advisers, Inc. provides investment solutions and insights for a range of corporations, public funds, sovereign wealth funds, endowments and foundations and is a subsidiary of OppenheimerFunds.

Headquarters: Atlanta, GA
Founded: 1986
Lead manager: Randall Dishmon

Role: Global equity
Strategy: All cap value
Sub-strategy: Relative value
Number of holdings: 50-70

*Invesco Advisers, Inc. acquired OFI Global Institutional, Inc. effective May 2019.

Manager profile

Invesco Advisers, Inc. (Invesco) was added as a non-discretionary manager to the Fund in 2017. In this capacity, Invesco provides a model portfolio to Russell Investment Management, LLC representing its investment recommendations, based upon which Russell Investments purchases and sells securities for the Fund. Russell Investments may deviate from the model portfolio provided by Invesco for purposes of minimizing transaction costs, but generally intends to implement the portfolio provided by Invesco. The strategy is led by Randall Dishmon, Vice President. He is supported by Jonathan Hartman, Research Analyst.

What this manager brings to the Fund

Invesco aims to add value by identifying stocks of companies that they believe will be advantaged by structural growth themes and are trading at a large discount to what Invesco believes they are worth.

Investment process

Invesco takes a bottom-up, fundamental approach to stock selection which they believe is their primary source of value. Their process includes asking the following questions to come up with an investable universe of stocks:

- *Does the business have an enduring, defensible advantage?* Invesco seeks to identify industries and companies that they believe will be advantaged by structural growth trends, or tailwinds (e.g. mass affluence, new technology, restructuring, aging) and that they believe can endure with an ability to exceed their cost of capital, grow revenue, defend margins, and maintain a strong brand. They avoid commoditized industries and businesses.
- *Does management allocate capital well and treat outside shareholders well?* Invesco seeks to identify companies that have effective management. They look at management's capital allocation decisions, income statement success, approach to compensation and prioritization of shareholders.
- *Is there a substantial gap between their estimated value of the business and the market price?* After conducting a thorough company analysis, Invesco assigns a private market value (or price target) to each stock and only selects stocks to buy when there is a significant gap between their price target and the market price.

The size of each position is a function of the level of conviction in the return potential and risk of the position. Once a stock has been identified for their portfolio, they consistently revisit their investment thesis and consider any new, relevant information. They may choose to increase position sizes as their confidence in the risk/reward ratio increases.

Russell Investments' manager analysis

Russell Investments believes Mr. Dishmon is an experienced, highly driven investor with a strong understanding of the key drivers of a business. The relationships Mr. Dishmon builds with company management through frequent travel and interactions, along with his private market value approach, are considered differentiated.

Invesco's strategy is expected to perform best during periods that favor value, small cap and volatility factors. Conversely, the product is expected to struggle when momentum and/or defensive-oriented stocks lead the market.

Janus Capital Management LLC and Perkins Investment Management, LLC

Firm background

Janus Capital Group Inc., and its subsidiaries, including Janus Capital Management LLC (Janus) and Perkins Investment Management LLC (Perkins), provide investment management, administration, distribution and related services to financial advisors, individuals and institutional clients through mutual funds, other pooled investment vehicles, separate accounts and sub advised relationships in both domestic and international markets.

Headquarters: Denver, CO (Janus) and Chicago, IL (Perkins)
Founded: 1969 (Janus), 1980 (Perkins)
Lead manager: Gregory Kolb, CFA (Perkins)

PERKINS
INVESTMENT MANAGEMENT

Role: Global equity
Strategy: Large cap, value
Number of holdings: 70-100

Manager profile

Janus Capital Management LLC and Perkins Investment Management, LLC (Janus/Perkins) was added as non-discretionary money manager to the Multi-Strategy Income Fund at the Fund's launch in 2015. In this capacity, Janus/Perkins provides a model portfolio to RIM representing its investment recommendations, based upon which Russell Investments purchases and sells securities for the Fund. Russell Investments may deviate from the model portfolio provided by Janus/Perkins for purposes of minimizing transaction costs, but generally intends to implement the portfolio provided by Janus/Perkins.

Perkins and Janus are both part of Janus Capital Group Inc. Janus intends to delegate its duties and responsibilities for providing the day to day portfolio management to Perkins. Therefore, Perkins will be the entity making portfolio securities recommendations to Russell Investments for this Fund.

What this manager brings to the Fund

Janus/Perkins is a global equity manager with a low volatility, value-oriented style. The firm's strategy typically will invest in large cap stocks of companies throughout the world, including emerging markets. Janus/Perkins assessment of value is generally more conservative relative to the broad market.

Investment process

Janus/Perkins uses a bottom-up approach to build diversified portfolios of what it believes to be high quality, undervalued stocks with favorable reward-to-risk characteristics. Janus/Perkins believes that rigorous downside analysis conducted prior to determination of upside potential helps to mitigate losses during difficult markets and compound value over time.

The first step of the investment process involves a quantitative screening to identify what the firm believes to be attractively priced securities. Sector and geographic-specific screening are used to identify what they believe to be undervalued companies using traditional value measures, such as low absolute and relative price/book value, price/free cash flow, and price/earnings. The team also looks for stocks that have underperformed in the most recent 6- to 18-month period, undervalued asset situations as well as out-of-favor growth companies, industries, countries or regions.

Russell Investments' manager analysis

Russell Investments believes that this strategy operates in a part of the market that is less frequently traversed by active managers, which supports the sustainability of the investment proposition. We view the consistency in which the strategy is implemented to be one of its key strengths. We have a positive view on the portfolio manager, Greg Kolb, who is a seasoned investor and has managed global strategies since 2005. Kolb and his fellow portfolio managers have displayed above average skill in identifying companies that appear to be underpriced relative to their intrinsic values, while also exhibiting an extreme sensitivity to downside protection during the security selection process.

The firm's strategy is expected to perform well in value and defensive-oriented markets. It is expected to lag when growth stocks are outperforming value stocks.

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

Role: Global equity
Strategy: All cap, value
Number of holdings: 50-90

Manager profile

Kopernik Global Investors LLC (Kopernik) was added as non-discretionary money manager to the Multi-Strategy Income Fund in 2016. In this capacity, Kopernik provides a model portfolio to RIM representing its investment recommendations, based upon which Russell Investments purchases and sells securities for the Fund. Russell Investments may deviate from the model portfolio provided by Kopernik for purposes of minimizing transaction costs, but generally intends to implement the portfolio provided by Kopernik. The strategy is led by David Iben, founder and Chief Investment Officer of 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

While Kopernik is a relatively new firm, many of the team members worked together in the past.

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, Dave 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.

Oaktree Capital Management, L.P.

Firm background

Oaktree Capital Management, L.P. 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: Andrew Watts

Role: Fixed Income
Strategy: Convertibles
Number of holdings: Approximately 100

Manager profile

Oaktree Capital Management, L.P. (Oaktree) was added as a discretionary manager to the Fund in June 2017. Andrew Watts is the lead manager of the strategy.

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

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 unique 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 market place 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.

The same portfolio management team has been running the strategy for over 20 years.

Putnam Investment Group, LLC

Firm background

Putnam Investment Management, LLC is a privately-owned asset manager that provides investment services across a range of equity, fixed income, absolute return, and alternative strategies.

Headquarters: Boston, MA
Founded: 1937
Lead manager: Mike Salm

Role: Mortgages
Number of holdings: 60-70

Manager profile

Putnam Investment Management, LLC (Putnam) was added as a discretionary manager to the Fund in 2016. The strategy is led by Mike Salm, who has extensive securitized investment experience and highly insightful macro views that permeate the investment decision making process.

What this manager brings to the Fund

Putnam's strategy will seek to generate return by capturing yield and capital appreciation from investments in mortgage credit as well as by seeking opportunities in the more interest rate sensitive agency mortgage derivatives. These two styles of mortgage securities tend to diversify one another and lead to better risk-adjusted performance. Putnam will utilize derivatives to implement its investment strategy.

Investment process

Putnam's strategy primarily emphasizes prepayment risk and securitized credit risk as the key drivers of returns. Security selection in a prepayment-oriented mortgage strategy requires a very unique skill set which we believe Putnam possesses. Specifically, they have the unique combination of the following five capabilities:

1. Solid macro insights on interest rates, housing dynamics and prepayment speeds
2. A firm understanding of the mortgage market landscape, the evolution of mortgage infrastructure, and potential regulatory pitfalls
3. Granular skill in identifying the appropriate structure, outstanding mortgage-backed securities coupons, and agency decisions
4. Quantitative capabilities for modeling prepayment risk and understanding where the broader market is making modeling errors
5. An advanced understanding of the mortgage market buyer base and where supply/demand dynamics create pockets of value

They will rotate into commercial-backed mortgage securities (CMBS) and residential-mortgage backed securities (RMBS) when these sectors look attractive relative to prepayment risk. We believe this can be helpful from a return generating perspective as well as from a volatility dampening perspective. They will aim to actively hedge the three primary risks involved, including interest rate risk, overall volatility, and the exposure to mortgage basis.

Russell Investments' manager analysis

Russell Investments believes that Mike Salm's knowledge of the agency derivatives markets and ability to express prepayment views therein are among the best in the markets. Russell Investments also believes Putnam's capabilities for rotating between prepayment sectors are elite in the traditional fixed income space and that Putnam has a good understanding of complementary risks in the securitized markets.

Russell Investments expects Putnam's mortgage strategy to do well in strong housing markets. Conditions for prepayment risk should be favorable if bond yields and mortgage rates rise. Prepayment strategies are negatively impacted when interest rates fall. Mortgage bonds are more likely to be impacted by defaults in weak housing markets.

Sompo Japan NipponKoa Asset Management Co., Ltd.

Firm background

Sompo Japan NipponKoa 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: Eitaro Tanaka

Role: Japan equity
Strategy: Value
Sub-strategy: Large cap
Number of holdings: 20-40

Manager profile

Sompo Japan NipponKoa Asset Management Co., Ltd. (Sompo) was added as a non-discretionary manager to the Fund in September 2018. In this capacity, Sompo provides a model portfolio to Russell Investment Management, LLC representing its investment recommendations, based upon which Russell Investments purchases and sells securities for the Fund. Russell Investments may deviate from the model portfolio provided by Sompo for purposes of minimizing transaction costs, but generally intends to implement the portfolio provided by Sompo. Eitaro Tanaka is the lead manager for Sompo's Japan equity strategy.

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 a momentum-driven market.

THL Credit Advisors LLC

Firm background

THL Credit Advisors LLC is an alternative credit investment manager for both direct lending and broadly syndicated investments through public and private vehicles, collateralized loan obligations, separately managed accounts and co-mingled funds. THL is the credit affiliate of Thomas H. Lee Partners, L.P. (THL Partners), one of the oldest and largest growth-oriented private equity firms in the United States.

Headquarters: Boston, MA
Founded: Parent company THL Partners founded in 1974
Lead manager: Jim Fellows and Brian Good

Role: Bank loans
Strategy*: Bank loans
Number of holdings: 95-125

*See definitions on page 17.

Manager profile

THL Credit Advisors LLC (THL) was added to the Multi-Strategy Income Fund at its launch in 2015. Russell Investments has been following this manager since 2011, when it was known as McDonnell Investment Management. In 2012, the firm was purchased by THL Credit, Inc. The core members of the investment team have been working together since 1988.

What this manager brings to the Fund

THL invests solely in U.S. bank loans (a.k.a. “leveraged loans”), which is expected to provide a more defensive bias than any of the Fund’s existing corporate high yield money managers.

Investment process

The team incorporates a four-dimensional approach:

1. Top down analysis
2. Bottom up research
3. Qualitative analysis
4. Quantitative analysis

The top down analysis incorporates THL’s macroeconomic view and view of an industry group. Bottom up research focuses on individual credit analysis. The qualitative analysis provides a review of a firm's competitive position and a general review of the management of a given credit. Finally, the quantitative analysis utilizes a proprietary system to provide a credit and collateral score. This system is the cornerstone of THL’s research.

The firm’s strategy has a balanced emphasis on both liquid issuers and smaller cap companies compared to existing managers in the fund. This is expected to allow its portfolio to perform in both up and down markets. At the same time, the downside capture is expected to be lower than its upside capture considering the firm’s security selection skill sets. The bottom up approach could also lead to a performance pattern that exhibits low correlation to the manager’s benchmark and to some of THL’s larger peers.

Russell Investments’ manager analysis

Russell Investments believes the portfolio managers at THL demonstrate thorough knowledge of the potential risks in their portfolios as well as of the bank loan asset class as a whole.

THL’s relatively low asset base, combined with a deep and experienced investment staff, leads Russell Investments to believe that the firm will be able to identify potentially attractive investment opportunities in a timely manner and be able to act nimbly in the marketplace to reflect these ideas in the portfolio.

THL is expected to perform well relative to loans and high yield when credit spreads are widening and the market is selling off, potentially outperforming the equity and high yield areas of the marketplace. THL’s strategy can also be aided by rising interest rates. THL will tend to lag in market situations presenting rapidly falling interest rates and tightening credit spreads (a rallying bond market).

T. Rowe Price Associates, Inc.

Firm background

T. Rowe Price Associates, Inc. is a global investment management organization. They provide a broad array of mutual fund, sub-advisory, and separate account management for individual and institutional investors, retirement plans, and financial intermediaries.

Headquarters: Baltimore, MD
Founded: 1937
Lead manager: Steve Boothe

T.RowePrice®
INVEST WITH CONFIDENCE

Asset class: Fixed income
Strategy: Global investment grade credit
Number of holdings: Approximately 100

Manager profile

T. Rowe Price Associates, Inc. (T. Rowe Price) was added as a discretionary manager to the Fund in March 2017. The strategy is led by Steve Boothe, who has been with the firm since 1999.

What this manager brings to the Fund

T. Rowe Price brings a global investment grade credit strategy to the Fund with a focus on minimizing downside risk during periods of volatility. The strategy is dynamically managed to seek to exploit the best risk/reward opportunities. It also seeks attractive yields by investing in intermediate-term bonds that have potential for higher risk-adjusted returns. This approach will tend to result in a structural underweight to long-term bonds.

Investment process

T. Rowe Price's approach focuses on strong risk management and security selection to seek consistent, attractive returns within the global investment grade credit space. In addition, their investment process uses T. Rowe Price's extensive research resources and capabilities in emerging markets.

Russell Investments' manager analysis

Russell Investments believes T. Rowe Price's equity research team is one of the best in the industry, with a strong emphasis on management contact and on-site company visits. The firm has a highly cooperative investment culture with best-in-class interactions between equity and credit analysts in the global investment-grade credit space. The portfolio management team has managed money over a series of mini-cycles, which has provided Mr. Boothe with valuable insights and lessons. He has shown his willingness to adapt while developing and maintaining a good set of core beliefs.

The strategy may underperform if long-term bonds (due to a structural underweight in that segment of the market) do particularly well. When subordinated financial bonds rally, it may lag peers that use those instruments more aggressively.

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 and Russell Investments' management. Russell Investments provides asset management and investment services to institutional and individual investors around the world.

Headquarters: Seattle, WA
Founded: Russell Investments, founded in 1936

Role: Positioning strategies
Number of holdings: 300

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 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 Russell Investments 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 fully 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 will 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.

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 or by purchasing fixed income securities and/or derivatives (also known as "equitization"), which typically include index futures contracts or exchange traded fixed income futures contracts. The Fund invests any remaining cash in an unregistered cash management fund advised by Russell Investments.

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

***Investment focus definitions:**

Corporate Bonds – Corporate bonds are debt obligations issued by a corporation.

Emerging markets debt – Emerging market debt issued by sovereign issuers (governments) in their own currency denominations.

Bank Loans – Corporate debt instruments that are typically higher in the capital structure than bonds and are issued with floating interest rates.

Money managers listed are current as of May 24, 2019. 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.

This document will be updated annually. If a manager change is made during a year, a manager specific page will be added or removed.

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.

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.

Bank of America Merrill Lynch (BofAML) Global High Yield 2% Constrained Index (USD Hedged) tracks the performance in U.S. dollars on a currency hedged basis of Canadian Dollar, British sterling, U.S. dollar and euro denominated developed markets below investment grade corporate debt publicly issued in the major U.S. or eurobond markets. Issuer exposure is capped at 2%.

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

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.

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

Russell Investments' ownership is composed of a majority stake held by funds managed by TA Associates with minority stakes held by funds managed by Reverence Capital Partners and Russell Investments' management.

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

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