

# Strategic Bond Fund

## Portfolio Managers

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Class	CUSIP	Ticker
Class S	782494454	RFCTX
Class R6	78250F844	RSBRX
Class A	782494470	RFDAI
Class C	782494462	RFCCX
Class E	782493167	RFCEX
Class M	78250H873	RSYTX

Total net assets (all classes)<sup>§</sup>:  
\$3.92B

Weighted average duration<sup>0, #</sup>:  
6.07

Weighted average maturity<sup>#, \*\*</sup>:  
8.2

Net asset value (Class S)<sup>§</sup>:  
\$11.31

Fund inception date: 01/29/1993

## Investment strategy

The Strategic Bond Fund seeks to provide current income, and as a secondary objective, capital appreciation.

Nothing contained in this material is intended to constitute legal, tax, securities or investment advice, nor an opinion regarding the appropriateness of any investment. The general information contained in this publication should not be acted upon without obtaining specific legal, tax and investment advice from a licensed professional.

### Fund facts - class level

3 year Sharpe ratio<sup>§, \*\*</sup>: 0.45

3 year Standard deviation<sup>§, \*\*</sup>:  
3.08

3 year Alpha<sup>§, \*\*</sup>: -0.11

3 year Beta<sup>§, \*\*</sup>: 0.96

3 year R-squared<sup>§, \*\*</sup>: 87.46

<sup>§</sup> Data as of 09/30/2019

<sup>#</sup> Data as of 08/31/2019

\*\* See key terms on page two.

Calculations are based upon the Fund's benchmark as stated in the prospectus.

**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 <https://russellinvestments.com>. Please read a prospectus carefully before investing.**

## Performance review as of September 30, 2019

	Quarterly	Year to date	Annualized				
			1 year	3 years	5 years	10 years	Since inception
Strategic Bond Fund – Class S <sup>†, 1, (a), (b)</sup>	2.37%	9.15%	10.83%	2.89%	3.41%	4.59%	5.53%
Annual Total Operating Expenses: 0.76%			Annual Net Operating Expenses 0.58%				
30 day SEC yield - Class Level	Subsidized: 2.29% <sup>2</sup>		Unsubsidized: 2.12% <sup>3</sup>				

<sup>†</sup>The Net Annual Operating Expense Ratio may be less than the Total Operating Expense Ratio and represents the actual expenses expected to be borne by shareholders after application of: (a) a contractual transfer agency fee or advisory fee waiver through February 29, 2020; (b) a contractual cap and reimbursement on expenses through February 29, 2020. These contractual agreements may not be terminated during the relevant periods except at the Board of Trustee's discretion. Details of these agreements are in the current prospectus. Absent these reductions, the fund's return would have been lower..

<sup>1</sup> The Fund first issued Class S Shares on September 2, 2008. The returns shown for Class S prior to that date are the returns of the Fund's Class I Shares.

<sup>2</sup> The Fund's current yield for the 30-day period ending 09/30/2019.

<sup>3</sup> The yield shown is what the yield would have been without the current fee waivers and expense reimbursements (unsubsidized), for the period ending 09/30/2019.

## Annual returns

2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
18.64%	10.78%	5.30%	8.42%	-1.64%	5.84%	-0.01%	3.23%	4.08%	-0.76%

Performance information is historical and does not guarantee future results. Investment return and principal value will fluctuate so that redeemed shares may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted. The most recent month-end performance for Russell Investments mutual funds is available by visiting: <https://russellinvestments.com/us/funds/performance-prices>.

## Sector weightings<sup>^, 1, 2</sup>

Sector	Weight
Developed Govt/Govt-Related	31.6%
Residential Mortgage Backed	24.1%
Investment Grade Credit	21.4%
Commercial Mortgage Backed	8.4%
Emerging Markets Debt	5.1%
High Yield	3.6%
Asset Backed	3.4%
Uncategorized	1.4%
Net Cash & Equivalents	1.0%

<sup>1</sup> Data as of 08/31/2019

<sup>2</sup> Due to rounding, totals may not equal to 100%.

## Quality rating<sup>^, 1, 2</sup> (as a percentage of market value)

Quality Rating	Percentage
AAA	60%
AA	1%
A	9%
BBB	19%
BB	6%
B	1%
CCC & below	1%
Unrated	3%

<sup>1</sup> Data as of 08/31/2019

<sup>2</sup> Debt instrument quality ratings are derived from the ratings of S&P and Moody's, such that if both S&P and Moody's rate an instrument, the lower of the two ratings is used, and if only one rates the instrument, that rating is used. If the debt instrument has not been rated by either of these two ratings agencies, the security is classified as "Unrated."

Effective August 18th, 2017, Class I Shares were reclassified as Class S Shares. Mutual Fund investing involves risk, principal loss is possible.

## Strategic Bond Fund (continued)

### 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. This does not include liquidity reserves managed directly by Russell Investments, which may constitute 5% or more of Fund assets at any given time.

	Role	Target allocation	Year assigned
Colchester Global Investors Limited	Generalist	14.0%	2012
Schroder Investment Management North America, Inc.	Specialist	20.0%	2016
Western Asset Management Company	Generalist	30.0%	2014
Russell Investment Management, LLC (RIM)*	Positioning Strategies	36.0%	2014

Money managers listed are current as of September 30, 2019. Subject to the Fund's Board approval, Russell Investment Management, LLC 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.

While the investment styles employed by the money managers are intended to be complementary, they may not in fact be complementary. A multi-manager approach could result in more exposure to certain types of securities and higher portfolio turnover.

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.

The Fund may invest in derivatives, including futures, options, forwards and swaps. Investments in derivatives may cause the Fund's losses to be greater than if it invests only in conventional securities and can cause the Fund to be more volatile. Derivatives involve risks different from, or possibly greater than, the risks associated with other investments. The Fund's use of derivatives may cause the Fund's investment returns to be impacted by the performance of securities the Fund does not own and result in the Fund's total investment exposure exceeding the value of its portfolio.

<sup>2</sup> Sector allocations and credit quality exposures may not equal to 100 percent as the result of the Fund's use of certain financial instruments such as futures, forwards, options, swaps and when issued transactions or forward commitments. Managers utilize these instruments as a substitute for holding securities directly, for hedging purposes, to take a net short position in certain markets or to adjust the interest rate sensitivity and duration of the portfolio. In the event short positions are created, they may be reflected as negative weightings in sector allocations and credit quality exposures.

\*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. 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.

### KEY TERMS:

**Alpha** - shows how a Fund did relative to what would have been expected given the Fund's Beta and the performance of the Fund's benchmark. For example, an alpha of 1.4 means that the Fund outperformed its estimated return by 1.4%.

**Beta** - a measure of the Fund's sensitivity to market changes using the Fund's benchmark as an approximation of the market; beta greater than 1 is more volatile than the market; beta less than 1 is less volatile than the market.

**Standard deviation** - defines how widely returns varied from a daily average over a given period of time. A higher standard deviation means a more volatile Fund. For example, a Fund with a standard deviation of 6 and an average annual return of 10% saw annualized monthly returns fall within 6 percentage points of that average (or between 4% and 16%) two-thirds of the time.

**Sharpe ratio** - a calculation that reflects the reward per each unit of risk in a portfolio. The higher the ratio, the better the Fund's risk-adjusted return.

**R-squared** - a statistic that indicates how much a Fund's fluctuations were attributable to movements in the Fund's benchmark.

**Weighted average duration** - approximates the percentage change in the price of a bond or the value of a portfolio of bonds for every one percentage point shift in interest rates.

**Weighted average maturity** - the weighted average of the remaining terms to maturity of bonds held by the Fund.

### Important Information

For more information on Russell Investment Company 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.

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