

August 1, 2011

Russell reorganizes fixed income portfolio management team

- Portfolio manager changes implemented for several funds
- Michael Ruff assumes new strategic role working with Russell's Private Client Services division

Portfolio manager changes in several Russell Investment Company (RIC) Funds and Russell Investment Funds (RIF) are reflected in an August 1, 2011 prospectus supplement. This document provides further detail on these changes.

Overview

- The current Portfolio Managers of the RIC and RIF fixed income funds, Michael (Mike) Ruff and Albert (Al) Jalso, are taking on new roles, opening up the Portfolio Manager roles that will be filled by Gerard Fitzpatrick, Keith Brakebill and Kevin Lo. See page 2 for Gerard, Keith and Kevin's biographies, and pages 2 and 3 for more detail on Mike and Al's new roles.
- The changes result in expanded responsibilities for people who have already been an integral part of the fixed income team. Russell's team approach allows all members to participate in research, discussions and the decision-making process that has led to key decisions in the funds. The fixed income team members have worked closely together the last few years during a very difficult time in the market, and their experience makes the new Portfolio Managers well-positioned to seamlessly take on these new roles and responsibilities.
- The changes have been done in an effort to further globalize the team and bring additional, diverse experience to the team. Al Jalso and Gerard Fitzpatrick, who are effectively swapping offices, will leverage the experience and insights gained in their respective offices to effectively manage portfolios in their new locations. Kevin and Keith bring fixed income research insights, portfolio analysis and analytics expertise to their new roles.
- In addition to the fund responsibilities mentioned in this document, each of the Portfolio Managers has responsibilities for other fixed income funds with Russell across the globe. Russell's investment division strives to leverage the expertise of its associates across multiple fund complexes.
- Jeff Hussey, as Chief Investment Officer for Fixed Income, continues to oversee the entire team and manage portfolios alongside these team members.

Portfolio manager changes implemented for several funds

Effective August 1, 2011, the Portfolio Managers will change in the following RIC and RIF Funds:

- RIC Russell Strategic Bond Fund
- RIC Russell Investment Grade Bond Fund

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- RIC Russell Tax-Exempt Bond Fund
 - RIC Global Opportunistic Credit Fund
 - RIC Russell Short Duration Bond Fund
 - RIF Core Bond Fund

Gerard Fitzpatrick will assume responsibility for the Russell Strategic Bond Fund. Gerard comes to Seattle from Russell's London office where he has been responsible for the portfolio management of all Russell's global bond funds. In addition, while in London, Gerard has managed all Russell's single manager fixed income funds and has been a frequent commentator on fixed income issues to the global media.

Gerard will leverage his experience and insights gained in London to effectively manage portfolios in his new location. His move to Seattle represents expanded responsibilities for him. By taking over Russell's flagship fixed income fund, this provides an opportunity for him to have broader exposure to clients as well as bring additional global perspective to fund management.

Keith Brakebill will assume responsibility for the management of the Russell Investment Grade Bond Fund, Russell Tax-Exempt Bond Fund, Russell Global Opportunistic Credit Fund and the RIF Core Bond Fund.

Keith has been a senior research analyst for Russell's global fixed income team. His primary areas of research include emerging market debt, long duration, short duration, and municipals.

Keith joined Russell in 2007. Prior to joining Russell, Keith graduated summa cum laude from the University of Tennessee's college scholars program, where he specialized in global economic policy and foreign language acquisition. Keith then earned a M.A. in International Policy Studies at Stanford University, where he also assisted in teaching economics courses.

Kevin Lo will assume responsibility for the Russell Short Duration Bond Fund. He will continue to work closely with research analysts and other portfolio managers on the team. He provides support to client service teams and continues to lead the development of Russell's fixed income analytics.

Kevin has been a portfolio analyst since 2008, where he supported U.S. fixed income portfolio managers in the structure and monitoring of Russell's fixed income funds. In addition, he focused heavily on developing the quantitative analytics infrastructure for the fixed income team.

Michael Ruff moves to new role working with Russell's Private Client Services (PCS)

Michael (Mike) Ruff is moving to the North American multi-strategy team in the Investment Division, primarily focusing on PCS funds and solutions. He will continue to provide input to the fixed income team on a consultative basis.

In his new expanded strategic role, Mike will play a lead role in managing and applying investment research to individual investor strategies. He is dedicated to working together with the Investment Division and PCS in developing and building products and strategies, and will work closely with the PCS product team to determine how to build out Russell's products. He will take a lead role in developing and manufacturing future client investment solutions, working with PCS as well as clients.

Mike has been managing portfolios for Russell since 2002. He initially managed short-term, municipal and stable value funds, and was promoted to portfolio manager in 2004. In 2006 he took over management of

most U.S. fixed income portfolios. His primary responsibilities included portfolio management, design and development, as well as client service.

Prior to this, Mike was a research analyst in Russell's investment policy and research area, specializing in fixed income money management firms. In that capacity, he evaluated core fixed income managers along with high-yield, mortgage bond, municipal bond, emerging markets, private placements and liability-matched assignments. He also advised Russell clients on fixed-income strategy formulation and manager structure.

Mike joined Russell in 1996 as a performance analyst. In 1998, he was promoted to senior technical analyst in the portfolio trading group, where he was responsible for foreign currency and European derivatives trading.

Albert Jalso takes on new role in London

As part of Russell's commitment to be a globally networked organization, Albert (Al) Jalso, who has been the portfolio manager for the RIC Russell Short Duration Bond Fund, will be moving from Seattle to London to take on portfolio management responsibilities for several global bond funds.

This move allows Al to expand his responsibilities as well as bring his expertise to the management of portfolios in the London office.

Al joined Russell in 2007. He is involved with the overall investment management across various mandates within Russell's global fixed income investment management business. His primary responsibilities include portfolio design, development and management, risk analysis and client service.

Fund objective, risks, charges and expenses should be carefully considered before investing. A prospectus containing this and other important information can be obtained by calling (800) 787-7354 or visiting www.russell.com. Please read the prospectus carefully before investing.

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.

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In general, when interest rates rise, the value of bonds held in the fund will decline. Bond investors should carefully consider risks such as interest rate, credit, repurchase and reverse repurchase transaction 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 subprime mortgages

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