

Russell Investment Grade Bond Fund

A Core Bond Investment

Investment Strategy

- Seeks to provide current income and the preservation of capital.
- Principally invests in investment grade quality bonds.
- Investments emphasize intermediate and longer term securities.
- Investment strategy is primarily based on broad market sector rotation/issue selection.

Fund Highlights

- Offers a diversified portfolio of high-quality bonds, a majority of which are U.S. bonds, while tactical exposures to non-U.S. securities may also be employed.
- Blends some of the largest and most experienced bond fund managers.
- Helps manage risk through diversification among managers and investment styles.
- Managers employ sector rotation and modest interest rate anticipation strategies to help enhance return.

Sector Weightings^{1,2,*}

U.S. Government/Agency	30.6%
Investment Grade Credit	24.3%
High Yield	0.7%
Commercial Mortgage Backed	6.0%
Residential Mortgage Backed	35.8%
Asset Backed	2.1%
Emerging Markets Debt	1.9%
Non-U.S. Dollar/Foreign Exchange	0.0%
Net Cash & Equivalents	-1.3%
Other	-0.1%

¹ The Other sector includes pooled investment vehicles, certain derivatives, stocks, and other investments not falling within one of the other listed sectors.

² Data is as of 02/29/2012.

About the Fund



Keith Brakebill, CFA
Russell Portfolio
Manager

For this fund, Russell chooses money managers with expertise in selecting bonds across the maturity spectrum. By combining firms that have differing investment approaches within this arena, our goal is to manage risk and increase the fund's potential to outperform its benchmark. For example, we may include one manager whose approach helps manage sources of risk. Another manager may provide added diversification to the portfolio through evaluating both broad economic factors and security-specific issues. This broad view helps the manager determine which market sectors to emphasize, while issue-specific research helps them determine which securities to purchase.

Allocation of Fund Assets

	Current Allocation	Year Assigned
<i>Enhanced Core</i>		
Neuberger Berman Fixed Income, LLC	30%	1989
<i>Fully Discretionary</i>		
Pacific Investment Management Company, LLC	20%	1984
<i>Sector Strategies</i>		
Logan Circle Partners, L.P.	30%	2011
Metropolitan West Asset Management, LLC	20%	2008

The above represents the percentage of fund assets allocated to money managers, excluding the fund's cash reserves. Fund assets not allocated to money managers are managed directly by Russell for a variety of purposes.

Money managers listed are current as of 03/31/12. Subject to the fund's Board approval, Russell 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.

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.

Non-U.S. markets and emerging or developing 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 the U.S., and emerging markets securities may be less liquid and more volatile than U.S. and longer-established non-U.S. markets.

*Sector allocations and credit quality exposures may not equal 100 percent as a result of the fund's use of certain financial instruments such as futures, forwards, options, swaps and when issued transactions or forward commitments. For more information see asterisk on other side.

Fund objectives, 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 by visiting www.russell.com. Please read the prospectus carefully before investing.

	Class A	Class C	Class E	Class I	Class S
CUSIP	782494322	782494827	782493183	782493407	782494835
TICKER	RFAAX	RFACX	RFAEX	RFASX	RFATX

Russell Investment Grade Bond Fund

Managing Money Differently

The Russell approach has been trusted for decades by many of the world's largest investors; our mutual funds allow you to employ that same approach. We identify investment managers we believe have exceptional capabilities, blend them to help manage risk through diversification, and constantly monitor them. Regardless of market conditions, Russell's investment approach remains constant.

Characteristics

Total Net Assets – All Classes ¹	\$1.8B
Weighted Average Duration ² – All Classes	4.4 yrs.
30-Day SEC Yield– Class Level	
Subsidized ³	1.54%
Unsubsidized ⁴	1.54%

¹ Data is as of 03/31/2012.

² 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. Data is as of 02/29/2012.

³ The fund's current yield for the 30-day period ending 03/31/2012.

⁴ The yield shown is what the yield would have been without the current fee waivers and expense reimbursements (unsubsidized), for the period ending 03/31/2012.

Quality Rating^{1,*,†}

As a Percent of Market Value

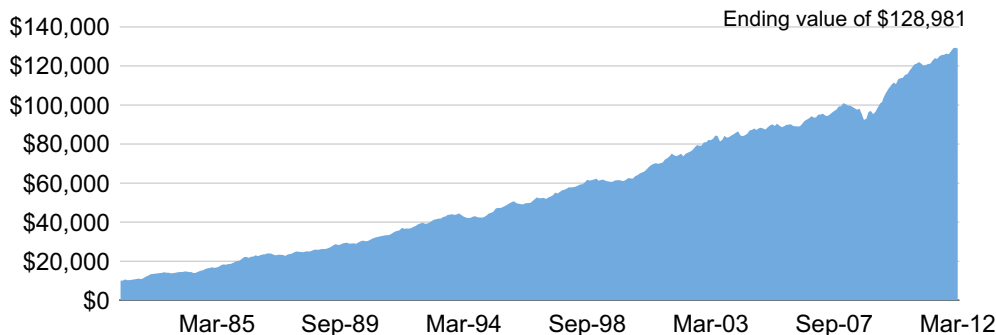
AAA	23%
AA	46%
A	14%
BBB	14%
BB	1%
B	1%
CCC & Below	1%
Unrated	1%

¹ Data is as of 02/29/2012.

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

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

Growth of \$10,000 – Class S Shares (since inception)



Performance Review

As of March 31, 2012

	Quarterly	Year to Date	Annualized				
			1 Year	3 Years	5 Years	10 Years	Since Inception ¹
Russell Investment Grade Bond Fund ² – Class S	1.23%	1.23%	6.44%	10.16%	6.28%	5.75%	8.76%
Annual Total Operating Expenses		0.56%					
Annual Net Operating Expenses		0.56%					

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. Current to the most recent month-end performance for Russell mutual funds is available by visiting: www.russell.com/us/fundperformance.

The fund offers other classes of shares with higher fees and expenses. These other classes may charge up to a 0.25% shareholder servicing fee which will result in a higher expense ratio and lower performance than that shown above. For a full description of other available classes, please see the prospectus.

¹ Fund inception date: 10/15/81.

² The Fund first issued Class S Shares on October 22, 2007. The returns shown for Class S Shares prior to that date are the returns of the Fund's Class I Shares.

For periods prior to April 1, 1995, fund performance results are reported gross of fund advisory and administrative fees. For periods thereafter, performance results are reported net of investment advisory and administrative fees, but gross of financial intermediary fees. Had these fees been reflected, the fund's performance would have been negatively affected (lower).

[†]The sum of the debt instrument quality ratings is based upon the Barclays Capital index methodology, which reflects the ratings of Moody's, Fitch and S&P in such a way that if three different ratings exist for the same instrument, the median rating is used; if two different ratings exist, the lower of the two is used and if only one rating exists, then that rating is used. If the debt instrument has not been rated by any of the three rating agencies, the security is classified as "Unrated."

*Sector allocations and credit quality exposures may not equal 100 percent as a 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.

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Not FDIC Insured
May Lose Value
No Bank Guarantee