

# Russell U.S. Small Cap Equity Fund

Blend of Small- and Micro-Cap Managers

## Investment Strategy

- Seeks to provide long-term capital growth.

## Fund Highlights

- Invest principally in small capitalization U.S. companies.
- Multi-manager approach that employs distinct investment styles to help manage risk.
- Specific managers with a focus on investing in micro capitalization U.S. companies.
- Specialty fund offering additional diversification.

## About the Fund



Jon Eggins, CFA  
Russell Portfolio  
Manager

In this fund, Russell chooses managers that invest using many different investment styles, from looking for companies they believe have rapidly growing earnings to ones that are undervalued. For example, a growth manager and a value manager each use distinct investment processes. One may maintain a concentrated portfolio of companies focusing on earnings growth momentum, resulting in higher risk relative to the benchmark. The other may use a quantitative process to pick stocks and manage the portfolio, which keeps its risk exposures close to the benchmark. When combined, all the managers within this fund provide a less volatile investment approach than offered by any single one of the underlying managers.

## Sector Weightings<sup>1,2</sup>

Consumer Discretionary	15.8%
Energy	5.8%
Financial Services	21.3%
Health Care	11.3%
Materials and Processing	6.3%
Other Energy	0.0%
Producer Durables	17.2%
Consumer Staples	2.3%
Technology	16.5%
Utilities	3.3%

<sup>1</sup> Due to rounding, totals may not equal 100%.

<sup>2</sup> Data is as of 02/29/2012.

## Allocation of Fund Assets

	Current Allocation	Year Assigned
<i>Growth</i>		
EAM Investors, LLC	5%	2011
Falcon Point Capital, LLC	10%	2011
Next Century Growth Investors, LLC	7.5%	2009
Ranger Investment Management, L.P.	12.5%	2007
<i>Market-Oriented</i>		
ClariVest Asset Management, LLC	10%	2006
PENN Capital Management Company, Inc.	5%	2011
<i>Value</i>		
Chartwell Investment Partners	12.5%	2011
DePrince, Race & Zollo, Inc.	12.5%	2008
Huber Capital Management, LLC	5%	2011
Jacobs Levy Equity Management, Inc.	12.5%	1995
Signia Capital Management, LLC	7.5%	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.

Small capitalization (small cap) investments involve stocks of companies with smaller levels of market capitalization (generally less than \$2 billion) than larger company stocks (large cap). Small cap investments are subject to considerable price fluctuations and are more volatile than large cap stocks. Investors should consider the additional risks involved in small cap investments.

**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](http://www.russell.com). Please read the prospectus carefully before investing.**

	Class A	Class C	Class E	Class I	Class S
CUSIP	782494546	782494538	782493274	782493209	782494520
TICKER	RLACX	RLECX	REBEX	REBSX	RLESX

# Russell U.S. Small Cap Equity 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	\$1.6B
Net Asset Value – Class Level	\$24.96

### Top 10 Holdings<sup>1</sup>

Catalyst Health Solutions, Inc.	0.9%
SVB Financial Group	0.7%
SXC Health Solutions Corp.	0.6%
BRISTOW GROUP INC	0.6%
HUB Group, Inc.	0.6%
Signature Bank NY	0.6%
Quality Systems, Inc.	0.5%
Chart Industries, Inc.	0.5%
Meredith Corp.	0.5%
Con-way, Inc.	0.5%

<sup>1</sup> Data is as of 02/29/2012.

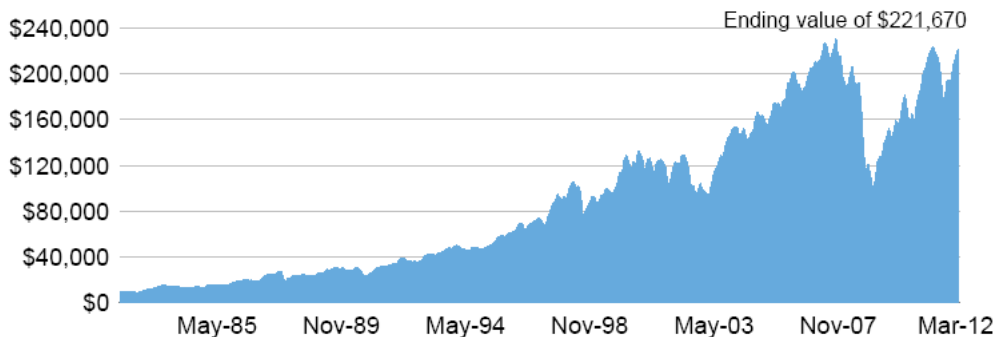
The top ten holdings list does not reflect the investment of cash reserves and cash collateral received in securities lending transactions in one or more of Russell Investment Company's money market funds.

Fund performance is reported net of fund advisory and administrative fees, and gross of financial intermediary fees.

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 <sup>1</sup>
Russell U.S. Small Cap Equity Fund <sup>2, 3</sup> – Class S	14.29%	14.29%	0.85%	27.82%	0.90%	5.57%	10.78%
Annual Total Operating Expenses		1.00%					
Annual Net Operating Expenses		1.00%					

**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](http://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 0.75% distribution fee and 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.

<sup>1</sup> Fund inception date: 12/28/81.

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

<sup>3</sup> On January 1, 2012, the Russell U.S. Small & Mid Cap Fund was renamed the Russell U.S. Small Cap Equity Fund.

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Not FDIC Insured  
May Lose Value  
No Bank Guarantee