

2009 QUARTERLY REPORT

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# Russell Tax-Managed Global Equity Fund

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JULY 31, 2009



FUND	SHARE CLASS	FUND NAME PRIOR TO SEPTEMBER 2, 2008
Russell Tax-Managed Global Equity Fund	C, S	Tax-Managed Global Equity

## Russell Investment Company

Russell Investment Company is a series investment company with 38 different investment portfolios referred to as Funds. This Quarterly Report reports on one of these Funds.

Russell Investment Company  
Russell Tax-Managed Global Equity Fund

Quarterly Report

July 31, 2009 (Unaudited)

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Russell Investment Company - Russell Tax-Managed Global Equity Fund.

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Russell Investments is a Washington, USA corporation, which operates through subsidiaries worldwide and is a subsidiary of The Northwestern Mutual Life Insurance Company.

***Fund objectives, risks, charges and expenses should be carefully considered before investing. A prospectus containing this and other important information must precede or accompany this material. Please read the prospectus carefully before investing.***

**Securities distributed through Russell Financial Services, Inc. member FINRA, part of Russell Investments.**

# Russell Investment Company

## Russell Tax-Managed Global Equity Fund

### Schedule of Investments — July 31, 2009 (Unaudited)

Amounts in thousands (*except share amounts*)

	Shares	Market Value \$
<b>Investments - 100.1%</b>		
Other Russell Investment Company Series Mutual Funds		
Domestic Equities - 74.8%		
Russell Tax-Managed U.S. Large Cap Fund	1,460,232	21,495
Russell Tax-Managed U.S. Mid & Small Cap Fund	627,684	6,490
Russell U.S. Quantitative Equity Fund	187,615	4,293
		<u>32,278</u>
International Equities - 25.3%		
Russell Emerging Markets Fund	142,248	2,175
Russell International Developed Markets Fund	315,624	8,752
		<u>10,927</u>
<b>Total Investments - 100.1%</b>		
(identified cost \$39,930)		43,205
<b>Other Assets and Liabilities, Net - (0.1%)</b>		
		<u>(43)</u>
<b>Net Assets - 100%</b>		
		<u><u>43,162</u></u>

See accompanying notes which are an integral part of this quarterly report.

# Russell Investment Company

## Russell Tax-Managed Global Equity Fund

### Notes to Quarterly Report — July 31, 2009 (Unaudited)

#### 1. Organization

Russell Investment Company (the “Investment Company” or “RIC”) is a series investment company with 38 different investment portfolios referred to as Funds. This Quarterly Report reports on one of these Funds (the “Fund”). The Investment Company is registered under the Investment Company Act of 1940, as amended, as an open-end management investment company. It is organized and operates as a Massachusetts business trust under a second amended and restated master trust agreement dated October 1, 2008. The Investment Company’s master trust agreement permits the Board of Trustees (the “Board”) to issue an unlimited number of shares of beneficial interest.

Russell Investment Management Company (“RIMCo”) is the Fund’s adviser and Russell Fund Services Company (“RFSC”), a wholly-owned subsidiary of RIMCo, is the Fund’s administrator and transfer agent.

Effective September 2, 2008, the Tax-Managed Global Equity Fund changed its name to the Russell Tax-Managed Global Equity Fund.

The Fund seeks to achieve its objective by investing in Class S Shares and Class Y Shares of the Investment Company’s Funds (the “Underlying Funds”) as set forth in table below. RIMCo may modify the target asset allocation for the Fund and/or the Underlying Funds in which the Fund invests. From time to time, the Fund may adjust its investments within set limits based on RIMCo’s outlook for the economy, financial markets generally and relative market valuation of the asset classes represented by each Underlying Fund. Additionally, the Fund may deviate from set limits when, in RIMCo’s opinion, it is necessary to do so to pursue the Fund’s investment objective. In the future, the Fund may also invest in other funds which are not currently Underlying Funds.

Asset Class/Underlying Funds	Asset Allocation as of March 1, 2009
Domestic Equities	
Russell Tax-Managed U.S. Large Cap Fund, Class S	50%
Russell Tax-Managed U.S. Mid & Small Cap Fund, Class S	15
Russell U.S. Quantitative Equity Fund, Class Y	10
International Equities	
Russell Emerging Markets Fund, Class Y	5
Russell International Developed Markets Fund, Class Y	20
	<hr/>
	100%

#### 2. Significant Accounting Policies

The following is a summary of the significant accounting policies consistently followed by the Fund in the preparation of this Quarterly Report. These policies are in conformity with accounting principles generally accepted in the United States of America (“GAAP”) for investment companies. The presentation of these schedules of investments in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the Quarterly Report. Actual results could differ from those estimates.

##### Security Valuation

The Fund values its portfolio securities, the shares of the Underlying Funds, at the current net asset value per share of each Underlying Fund.

The Underlying Funds value portfolio securities according to Board-approved securities valuation procedures, and pricing services, which include market value procedures, fair value procedures and a description of the pricing services used by the Fund. Money market fund securities are priced using the amortized cost method of valuation, as are debt obligation securities maturing within 60 days at the time of purchase, unless the Board determines that amortized cost does not represent market value of short-term debt obligations. The Board has delegated the responsibility for administration of the securities valuation procedures to RFSC.

Ordinarily, the Underlying Funds value each portfolio security based on market quotations provided by pricing services or alternative pricing services or dealers (when permitted by the market value procedures). Generally, Underlying Fund securities are valued at the close of the market on which they are traded as follows:

- U.S. listed equities, equity and fixed income options and Rights/Warrants: Last sale price; last bid price if no last sale price.
- U.S. over-the-counter equities: Official closing price; last bid price if no closing price.
- Listed ADRs/GDRs: Last sale price; last bid price if no last sale price.

# Russell Investment Company

## Russell Tax-Managed Global Equity Fund

### Notes to Quarterly Report, continued — July 31, 2009 (Unaudited)

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- Municipal bonds, U.S. bonds, Eurobonds/foreign bonds: Evaluated bid price; broker quote if no evaluated bid price.
- Futures: Settlement price.
- Bank loans and forwards: Mean between bid and asking price.
- Investments in other mutual funds are valued at their net asset value per share, calculated at 4 p.m. Eastern time or as of the close of the New York Stock Exchange, whichever is earlier.
- The value of swap agreements is equal to the Funds' obligation (or rights) under swap contracts which will generally be equal to the net amounts to be paid or received under the contracts based upon the relative values of the positions held by each party to the contracts.
- Equity securities traded on a national foreign securities exchange or a foreign over the counter market are valued on the basis of the official closing price, or lacking the official closing price, at the last sale price of the primary exchange on which the security is traded.

If market quotations are not readily available for a security or if subsequent events suggest that a market quotation is not reliable, the Underlying Funds will use the security's fair value, as determined in accordance with the fair value procedures. The effect of fair value pricing is that securities may not be priced on the basis of quotations from the primary market on which they are traded, but rather may be priced by another method that the Board believes reflects fair value. The fair value procedures may involve subjective judgments as to the fair value of securities. The use of fair value pricing by an Underlying Fund may cause the net asset value of its shares to differ significantly from the net asset value that would be calculated using normal pricing methods. Fair value pricing could also cause discrepancies between the daily movement of the value of Underlying Fund shares and daily movement of the benchmark index if the index is valued using another pricing method.

This policy is intended to assure that the Underlying Funds' net asset values fairly reflect security values as of the time of pricing. Events or circumstances affecting the values of Underlying Fund securities that occur between the closing of the principal markets on which they trade and the time the net asset value of Underlying Fund shares is determined may be reflected in the calculation of net asset values for each applicable Underlying Fund (and each Fund which invests in such Underlying Fund) when the Underlying Funds deem that the particular event or circumstance would materially affect such Underlying Fund's net asset value. Underlying Funds that invest primarily in frequently traded exchange-listed securities will use fair value pricing in limited circumstances since reliable market quotations will often be readily available. Underlying Funds that invest in foreign securities are likely to use fair value pricing more often since significant events may occur between the close of foreign markets and the time of pricing which would trigger fair value pricing of the foreign securities. Underlying Funds that invest in low-rated debt securities are also likely to use fair value pricing more often since the markets in which such securities are traded are generally thinner, more limited and less active than those for higher rated securities. Examples of events that could trigger fair value pricing of one or more securities are: a material market movement of the U.S. securities market (defined in the fair value procedures as the movement by a single major U.S. index greater than a certain percentage) or other significant event; foreign market holidays if on a daily basis, Fund exposure exceeds 20% in aggregate (all closed markets combined); a company development; a natural disaster; or an armed conflict.

Because foreign securities can trade on non-business days, the net asset value of a Fund's portfolio that includes an Underlying Fund which invests in foreign securities may change on days when shareholders will not be able to purchase or redeem fund shares.

The Fund adopted Financial Accounting Standards Board ("FASB") Statement of Financial Accounting Standards No. 157, *Fair Value Measurements* ("SFAS 157"), effective November 1, 2008. In accordance with SFAS 157, fair value is defined as the price that the Fund would receive upon selling an investment in a timely transaction to an independent buyer in the principal or most advantageous market of the investment. SFAS 157 established a three-tier hierarchy to maximize the use of observable market data and minimize the use of unobservable inputs and to establish classification of fair value measurements for disclosure purposes. Inputs refer broadly to the assumptions that market participants would use in pricing the asset, including assumptions about risk, for example, the risk inherent in a particular valuation technique used to measure fair value including a pricing model and/or risk inherent in the inputs to the valuation technique. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

The three-tier hierarchy of inputs is summarized in the three broad levels listed below.

- Level 1 — quoted prices in active markets for identical investments

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### Notes to Quarterly Report, continued — July 31, 2009 (Unaudited)

- Level 2 — other significant observable inputs (including quoted prices for similar investments, interest rates, prepayment speeds, credit risk, etc.)
- Level 3 — significant unobservable inputs (including the Fund's own assumptions in determining the fair value of investments)

Inputs used in valuing the Fund's investments for the period ended July 31, 2009 were Level one for the Fund.

#### Investment Transactions

Investment transactions are recorded on a trade date basis. Realized gains and losses from securities transactions, if any, are recorded on the basis of specific identified cost.

#### Investment Income

Distributions of income and capital gains from the Underlying Funds are recorded on the ex-dividend date.

#### Guarantees

In the normal course of business the Fund enters into contracts that contain a variety of representations which provide general indemnifications. The Fund's maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Fund that have not yet occurred. However, the Fund expects the risk of loss to be remote.

### 3. Federal Income Taxes

At July 31, 2009, the cost of investments and net unrealized appreciation (depreciation) for income tax purposes were as follows:

	<b>Russell Tax- Managed Global Equity Fund</b>
Cost of Investments	\$ 50,044,002
Unrealized Appreciation	\$ 1,892,406
Unrealized Depreciation	(8,731,634)
Net Unrealized Appreciation (Depreciation)	\$ (6,839,278)

### 4. Subsequent Event

At a meeting held on August 25, 2009, the Board of Trustees of Russell Investment Company, upon the recommendation of RIMCo, approved the liquidation of the Fund pursuant to a Plan of Liquidation and Dissolution (the "Plan"). Shareholder approval is not required in order to liquidate the Fund.

The Plan provides for the liquidation of the Fund's assets and the distribution to Fund shareholders of all of the proceeds of the liquidation on or about October 12, 2009.

# Russell Investment Company

## Russell Tax-Managed Global Equity Fund

### Shareholder Requests for Additional Information — July 31, 2009 (Unaudited)

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A complete unaudited schedule of investments is made available generally no later than 60 days after the end of the first and third quarters of each fiscal year. These reports are available (i) free of charge, upon request, by calling the Fund at (800) 787-7354, (ii) at [www.russell.com](http://www.russell.com), (iii) on the Securities and Exchange Commission's website at [www.sec.gov](http://www.sec.gov), and (iv) at the Securities and Exchange Commission's public reference room.

The Board has delegated to RIMCo, as RIC's investment adviser, the primary responsibility for monitoring, evaluating and voting proxies solicited by or with respect to issuers of securities in which assets of the Fund may be invested. RIMCo has established a proxy voting committee ("Committee") and has adopted written proxy voting policies and procedures ("P&P") and proxy voting guidelines ("Guidelines"). The Fund maintains a Portfolio Holdings Disclosure Policy that governs the timing and circumstances of disclosure to shareholders and third parties of information regarding the portfolio investments held by the Fund. A description of the P&P, Guidelines, Portfolio Holdings Disclosure Policy and additional information about Fund Trustees are contained in the Fund's Statement of Additional Information ("SAI"). The SAI is available (i) free of charge, upon request, by calling the Fund at (800) 787-7354, (ii) at [www.russell.com](http://www.russell.com), and (iii) on the Securities and Exchange Commission's website at [www.sec.gov](http://www.sec.gov).

To reduce expenses, we may mail only one copy of the Fund's prospectus and each annual and semi-annual report to those addresses shared by two or more accounts. If you wish to receive individual copies of these documents, please contact your financial institution.

Some Financial Intermediaries may offer electronic delivery of the Fund's prospectus and annual and semiannual reports. Please contact your Financial Intermediary for further details.

Financial Statements of the Underlying Funds can be obtained at no charge by calling the Funds at (800) 787-7354.

Russell Investment Company

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