

Russell Tax Exempt Bond Fund

Offering Tax-Sensitive Diversification

Investment Strategy

- Seeks to provide federal tax-exempt current income consistent with the preservation of capital. The fund will invest, under normal circumstances, at least 80% of the value of its assets in investments, the income from which is exempt from federal income tax.
- Invests principally in high-quality securities of state and local government entities that provide interest income exempt of federal taxes.
- Targets intermediate-term maturities.

Fund Highlights

- Provides a diversified portfolio of high-quality tax-exempt bonds to help manage an investor's tax burden and preserve capital.
- Adds stability to a diversified portfolio because bonds historically have been less volatile than equities.

About the Fund



Keith Brakebill, CFA
Russell Portfolio
Manager

For this fund, Russell selects managers who we believe are experts in municipal bonds. Using our in-depth knowledge of the strengths and weaknesses in each manager's investment process, we strive to create an optimal mix that can help generate stable returns under various market conditions.

Allocation of Fund Assets

Fully Discretionary

	Current Allocation	Year Assigned
Delaware Management Company (a series of Delaware Management Business Trust)	50%	2005
Standish Mellon Asset Management Company, LLC	50%	1988

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 03/31/2012. 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.

Income from funds managed for tax efficiency may be subject to an alternative minimum tax and/or any applicable state and local taxes.

Sector Weightings^{1,2}

Utility Revenue	17.4%
General Obligation	16.6%
Industrial Revenue	16.5%
Education Revenue	15.0%
Other Revenue	11.0%
Cash Equivalents	10.0%
Health Care Revenue	8.4%
Pollution Control Revenue	1.9%
Housing Revenue	1.6%
Leasing Revenue	1.1%
Refunded and Special Obligations	0.2%

¹ Due to rounding, totals may not equal 100%.

² Data is as of 02/29/2012.

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.

Russell Tax Exempt Bond Fund

	Class A	Class C	Class E	Class S
CUSIP	782494314	782493324	782493316	782493837
TICKER	RTEAX	RTECX	RTBEX	RLV SX

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	\$656.2M
Weighted Average Duration ² – All Classes	4.5 yrs.
30-Day SEC Yield – Class Level	
Subsidized ³	1.22%
Unsubsidized ⁴	1.18%
Tax Equivalent Yield ⁵ – Class Level	
Subsidized ³	1.88%
Unsubsidized ⁴	1.82%

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.

⁵ The tax equivalent yield is based on a tax rate of 35%.

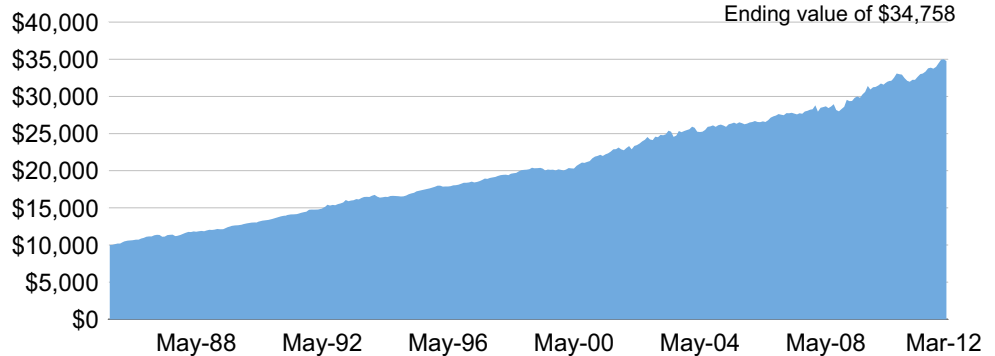
Quality Rating¹ †

As a Percent of Market Value

AAA	19%
AA	44%
A	25%
BBB	11%
BB	1%
CCC & Below	0%
Unrated	1%

¹ Data is as of 02/29/2012.

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



Performance Review

As of March 31, 2012

	Quarterly	Year to Date	Annualized				Since Inception ¹
			1 Year	3 Years	5 Years	10 Years	
Russell Tax Exempt Bond Fund † ^(a) – Class S	0.82%	0.82%	7.85%	5.75%	4.62%	4.27%	4.80%
Annual Total Operating Expenses		0.59%					
Annual Net Operating Expenses		0.55%					

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 0.75% 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.

†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 waiver through February 28, 2013;
- (b) a contractual advisory fee waiver and/or reimbursement through February 28, 2013;
- (c) a contractual cap on expenses through February 28, 2013.

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.

¹ Fund inception date: 09/05/85.

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

†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."

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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.

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First used January 2012.
RFS 7306
01-03-031 (Rev. 1 04/12)

Not FDIC Insured
May Lose Value
No Bank Guarantee