WHY WORK WITH A FINANCIAL ADVISOR?

Because that relationship may be one of your best investments.

Russell Investments

2023
VALUE OF AN
ADVISOR

EMBRACE THE POSSIBLE™

EXECUTIVE SUMMARY

2022 was one of those years where the value of an advisor was clear. There was plenty of market turbulence as the Bank of Canada and other global central banks rapidly hiked interest rates to clamp down on rampant inflation. It was one of the few years in recent memory where both equities and bonds declined. There were ongoing geopolitical tensions, easing of Covid-19 pandemic restrictions, protests in Iran, a reduction in oil production and China unveiled a new economic modernization plan.

After pivoting to remote work at the height of the pandemic, many firms began to slowly transition to a new hybrid office model. A lot of you had to adapt to yet another change in your work/life balance.

It certainly was a challenging year for investors. But as always, those of you who worked closely with an advisor continued to receive significant value.

We also believe it's important for you to understand that value – especially in those moments where you might feel some short-term concern, confusion, or disappointment about your portfolio. That's why we update and adapt our Value of an Advisor formula every year: to illustrate the important role an advisor plays helping you pursue financial security.

Our formula for 2023 is: A + B + C + T

A + B + C + T

Active rebalancing of investment portfolios

Behavioral coaching

Customized experience & family wealth planning

Tax-smart planning & investing

A IS FOR ACTIVE REBALANCING OF INVESTMENT PORTFOLIOS

As we have all discovered in recent years, markets can be volatile. We also discovered in 2022 that fixed income may not always play its traditional role as a counterbalance to equity. We found that inflation and higher interest rates have a different impact on different asset classes.

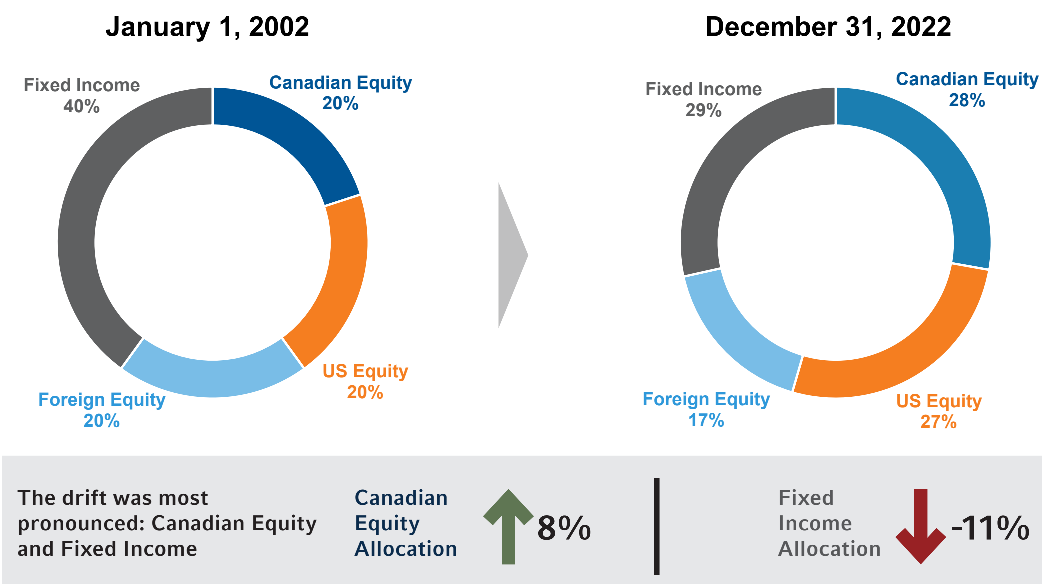
All the movement that we saw in the markets last year could have affected the mix of assets in your portfolio. That mix was originally selected because it fit your risk and return profile so if it changes, your portfolio may not act as you had intended.

For example, if you had purchased a hypothetical balanced portfolio of 60% equities and 40% fixed income in January 2002 and not had it rebalanced since then, by the end of 2022 the portfolio would be somewhat different.

That original balanced portfolio would have become more growth-oriented, with approximately 72% invested in equities and only 29% in fixed income. (All numbers have been rounded.) Without rebalancing, over the previous decade as the portfolio shifted towards a larger equity allocation, it would have become riskier.

WHEN BALANCED BECOMES THE NEW GROWTH

The potential result of an un-rebalanced portfolio



For illustrative purposes only. Not intended to represent any actual investment. Source: Russell Investments. Analysis based on data from 1/1/2002 - 12/31/2022. Initial asset allocation: 20% S&P/TSX Composite Index (Canadian equity), 20% S&P 500 Index (US Equity), 20% MSCI EAFE Index (Foreign Equity), and 40% FTSE Canada Universe Bond Index (Canadian Fixed Income). Indexes are unmanaged and cannot be invested in directly. Returns represent past performance, are not a guarantee of future performance, and are not indicative of any specific investment.

When you rebalance your portfolio regularly, your advisor sells your high performers and buys low performers. Not only does this help you capture your gains, it can also help smooth out returns. And when it comes to our portfolio, don't we all prefer a smoother ride to a rollercoaster?

More importantly, maintaining the allocation of assets within the original guidelines keeps your portfolio aligned with your stated risk tolerance and your expectations for your money. Keeping you on track and reasonably comfortable is how your advisor can add value.

B IS FOR BEHAVIORAL COACHING

Last year was a difficult year for investors. Not only did both equities and fixed income end the year lower, both asset classes were quite volatile throughout. You may have felt like throwing in the towel.

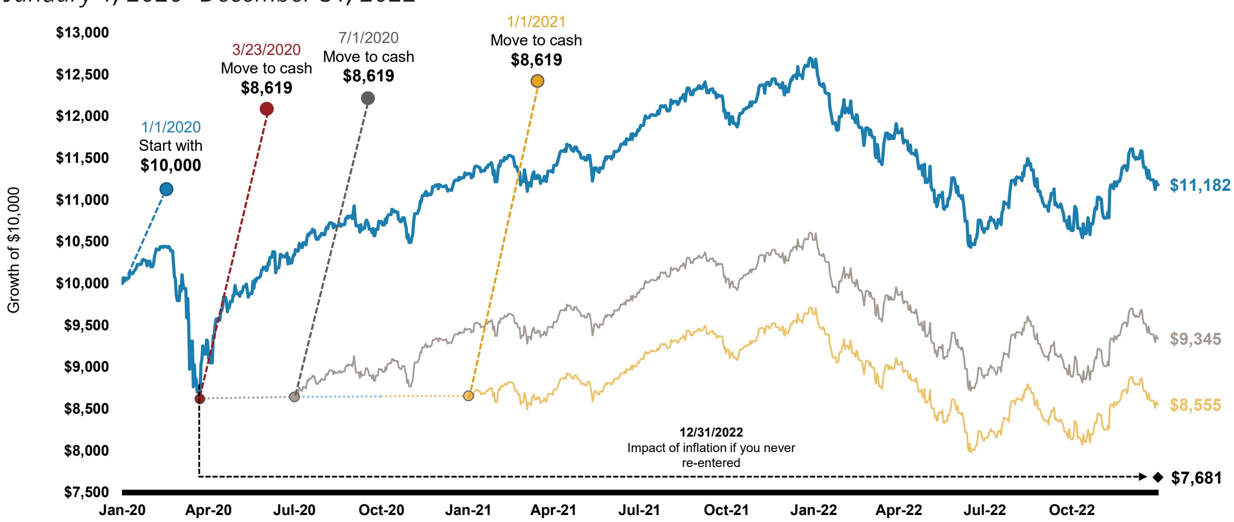
But pulling out of the market when it's volatile can lock in losses and could lead to missing out on any subsequent rally. Without a crystal ball, it's hard to time the perfect point to get back into the market once you have left.

The chart below shows the difficulty of finding a new point of entry once you leave the markets. If you had remained invested over the past two years, you would have seen your $10,000 investment on January 1, 2020 rise to $11,182 by the end of 2022. But if you had moved to cash in March 2020 when the pandemic hit, and then returned to the market a few months later at the end of the second quarter, you would only have $9,345 by the end of last year. Meanwhile, if you moved to cash in March 2020 and stayed in cash until January, you would have only $8,555 at the end of 2022. And if you had moved out of the markets and stayed in cash for the duration, inflation would have eaten away at the value of your money, and you would have only $7,681 at the end of 2022.

This is where we believe an advisor can be a valuable guide. Their role as a behavior coach can go a long way to keeping you invested, by focusing on the long term rather than letting you fall prey to your emotions when markets get volatile.

FEAR IMPACTS OPPORTUNITY

January 1, 2020–December 31, 2022

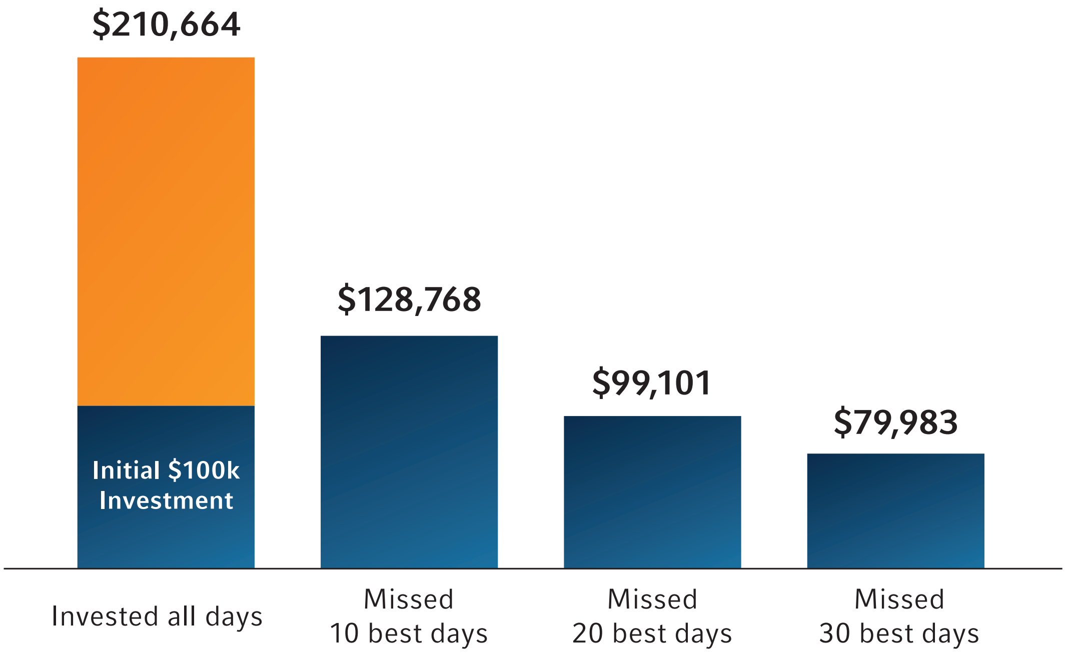


Source: Morningstar Direct. As of December 31, 2022. In CAD. Balanced Portfolio: 60% MSCI World Index & 40% Bloomberg Canada Aggregate Bond Index. Cash: S&P Canada Treasury Bill Index. Index returns represent past performance, are not a guarantee of future performance, and are not indicative of any specific investment. Indexes are unmanaged and cannot be invested in directly. The performance shown does not include fees and other costs that would have reduced returns.

Even pulling out of the market for a brief period can hurt your returns. The thing is, you never know when the market will have a good or bad day. Market performance can be affected by anything from stock-specific news to geopolitical events to newly released data (such as employment statistics) to even technical trading triggers. That's why markets are so unpredictable. Nevertheless, their long-term trend has been up. In fact, **the S&P/TSX Composite Index (representing Canadian stocks) has finished the year in positive territory 74% of the time since 1924.**

THE INVESTMENT IMPACT OF MISSING BEST MARKET DAYS

10 years ending December 31, 2022



Source: Morningstar. Returns based on S&P/TSX Composite Index, for 10-year period ending December 31, 2022. For illustrative purposes only. Index returns represent past performance, are not a guarantee of future performance, and are not indicative of any specific investment. Indexes are unmanaged and cannot be invested in directly.

C IS FOR CUSTOMIZED EXPERIENCE AND FAMILY WEALTH PLANNING

We all like to feel special, and we all love the personal touch. There's something satisfying about receiving a curated list of suggested shows from our streaming service. Or hearing our name called out by the barista, knowing the coffee was made to our personal preferences. And what is more personal than our finances?

It's likely that your life will become more complex over time, as you accumulate assets and potentially raise a family. You may rely on your financial advisor to guide you through saving for a home, or to put money aside for your children's education, ensure you are properly insured, prepare for retirement or set up a charitable trust. The illustration below lists some of the many parts of a holistic wealth planning process.

The services listed in orange are what an advisor originally provided and what robo-advisors now offer at a very low price. Those in light blue are what a financial planner can provide while those in dark blue are the broader and more customized services that many advisors now offer.

DELIVERING TRUE WEALTH MANAGEMENT IS VALUABLE

Your advisor may be continually adjusting your plan and may consult with not only your spouse but also your children, depending on the nature and size of your assets. At all times, they should be aware of your needs, goals and preferences. Your advisor may also call upon a network of experts – such as estate lawyers, accountants, or lifestyle consultants – to ensure your financial plan encompasses all aspects of your life.

This means your advisor will develop a deep understanding of your individual situation and what you are trying to achieve. They can spearhead the holistic wealth planning process – saving you time and effort. We believe an advisor who works with you to build financial stability for your entire family provides significant value.

T IS FOR TAX-SMART PLANNING AND INVESTING

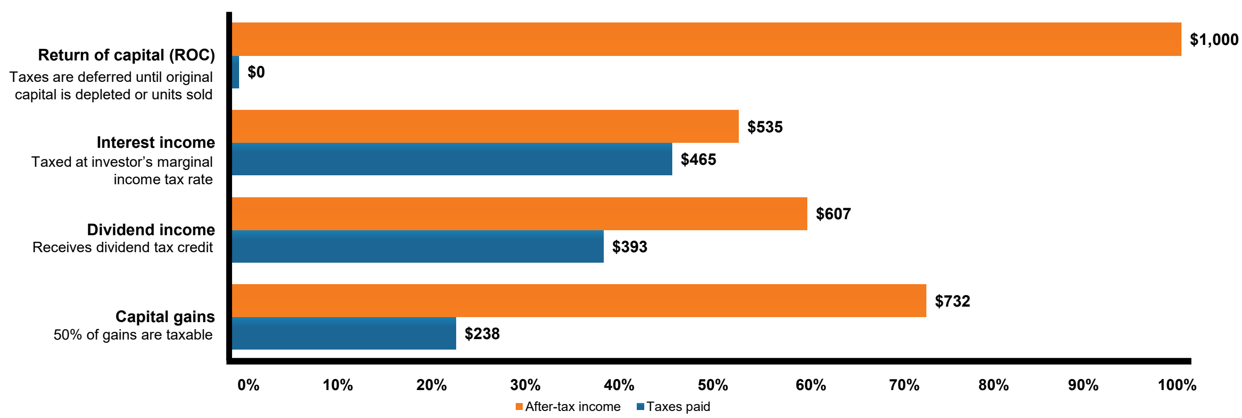
It's one thing to pay taxes on your investment portfolio when you've enjoyed a healthy return. But when your portfolio declines – as many did in 2022 – and you still have to pay taxes on your investments, well, that can feel particularly galling.

Without proper tax management, you may pay more taxes than you need to every April. There is a myriad of taxes that can be triggered by our investments: taxes on dividends, on interest, on capital gain distributions, or on the sale of shares, for example.

Tax-aware advisors who structure your portfolio and choose solutions that help manage investment taxes can provide significant value.

For example, an advisor who understands the different rates of taxation on different types of distributions can ensure you are sheltering interest income in a registered account – such as a Registered Retirement Savings Plan (RRSP) or Tax-Free Savings Account (TFSA). Or they can help you structure your portfolio so that the distributions you receive from your non-registered accounts are composed of return of capital.

DIFFERENCES IN TAXATION FOR $1,000 OF DISTRIBUTIONS



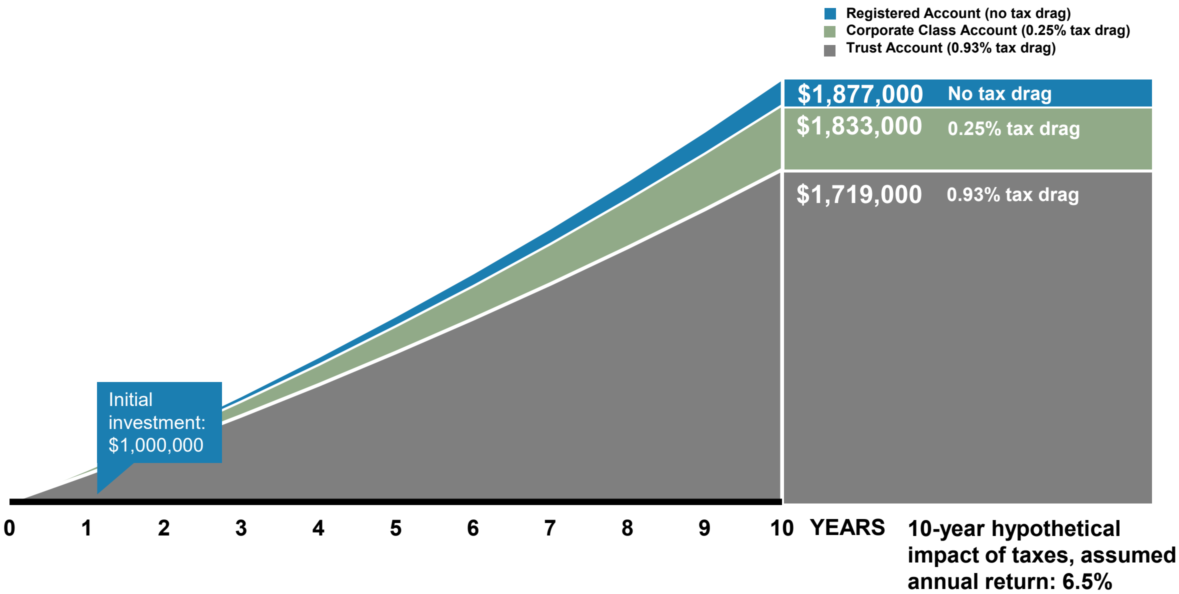
For illustrative purposes only.

All examples shown are based on the following 2023 Ontario marginal tax rates for calculating the tax liabilities: interest income = 53.5%, Canadian eligible dividends = 39.3% and capital gains = 26.8%

Advisors who consider the impact of taxes on investments can bring a lot of value to an investor. An active tax-managed investing approach has the potential to lead to a much better after-tax outcome. We call the return that is lost to taxes "tax drag." Tax drag is not only a burden that weighs on returns over time, but also an indicator that portfolios are not deploying proper strategies. A tax-aware advisor can both identify the problem as well as the solution.

Let's look at the graph below to see how tax drag impacts returns. A registered account is shielded from taxes until the funds are withdrawn, so investments held in one have no tax drag. Corporate class funds are structured so that the majority of distributions are in the form of a return of capital. They do, however, pay taxes at the corporate level so there is a minimal tax drag on the investor's returns. And a regular mutual fund, or trust account, has a larger tax drag. The graph shows how that drag weighs on a portfolio over time.

THE VALUE OF T – 10 YEARS



Source: Russell Investments

Assumptions: C$1 million investible amount. 6.5% rate of return for "Registered Account", 6.25% rate of return for "Corporate Class Account", 5.57% rate of return for "Trust Account". After-tax distributions are re-invested.

Tax "drag" is the difference between the returns on the "Registered Account" versus "Corporate Class Account" or "Trust Account".

For illustrative purposes only, Not intended to reflect any actual portfolio or Russell Investments Canada Limited product. Percentages represent the difference in the gross return and after-tax return for trust and corporate-class mutual funds.

Tax-managed mutual funds aim to minimize distributions from non-registered accounts and they are now available to Canadian investors. These funds typically use tax-management techniques such as tax-loss harvesting, avoiding superficial losses and tax-smart yield management—all with goal of helping to reduce the tax bite on your portfolio. After all, *it's not what you make, it's what you get to keep.*

While taxes may be complicated and confusing, they are important. Working with a tax-smart advisor can help save you money. And we believe that holds value.

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WHY WORK WITH A FINANCIAL ADVISOR?

Because it may help you increase the value of your portfolio. In this time of constant change and increased customization, our lifestyles, dreams, goals, and finances may be vastly different from what they were a year or two ago. But one thing likely hasn't changed: your wish for financial stability. And that's where a trusted advisor can truly provide value.

To learn more, speak with your financial advisor.

IMPORTANT INFORMATION

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

S&P/TSX Composite Index: The benchmark Canadian index, representing roughly 70% of the total market capitalization on the Toronto Stock Exchange.

MSCI EAFE (Europe, Australasia, Far East) Index: A free float-adjusted market capitalization index that is designed to measure the equity market performance of developed markets, excluding the U.S. and Canada.

FTSE Canada Universe Bond Index measures the performance of marketable government and corporate bonds outstanding in the Canadian market.

The S&P 500® Index is an index, with dividends reinvested, of 500 issues representative of leading companies in the U.S. large cap securities market.

The **Bloomberg Canada Aggregate Bond Index** measures the Canadian investment grade fixed income market and is comprised of government, government-related and corporate securities.

Indexes are unmanaged and cannot be invested in directly. Returns represent past performance, are not a guarantee of future performance, and are not indicative of any specific investment.

Past performance does not guarantee future performance.

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First used: March 2020. Updated April 2023.

RETAIL-03787 (Exp. 5/25)

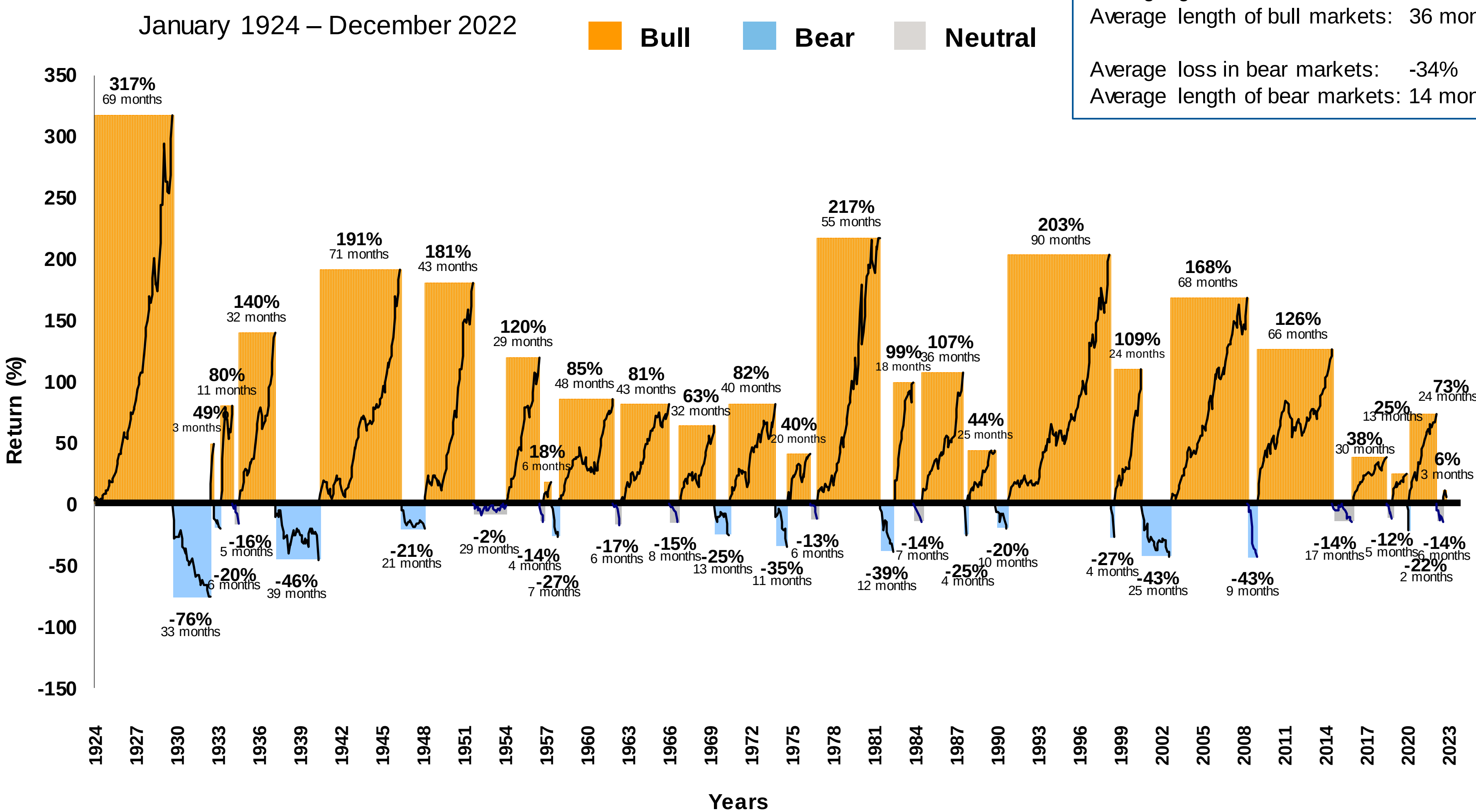
Bull vs. Bear Market

Canadian Equity

Bull & Bear Facts

Average gain in bull markets: +106%
Average length of bull markets: 36 months

Average loss in bear markets: -34%
Average length of bear markets: 14 months



Source: Canadian Institute of Actuaries, BNY Mellon, Thomson Reuters DataStream, Russell Investments. Note: Returns prior to 1957 are based on the Report on Canadian Economic Statistics, June 2009, from the Canadian Institute of Actuaries. Returns 1957 to current are based on total return of the S&P/TSX Composite Index. Indexes and/or benchmarks are unmanaged and cannot be invested in directly. Returns represent past performance, are not a guarantee of future performance, and are not indicative of any specific investment. As of December 2022.

Bull, Bear and Neutral markets:
Bull markets are markets where the cumulative returns exceeded 20%;
Bear markets are determined to be markets where cumulative returns were lower than -20%;
Neutral markets are defined as those where there was no clear directional trend and returns were cumulatively in the range of +5% to -19%.

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Important information

Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Please read the prospectus before investing. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated.

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RETAIL-03744 [EXP 04/2024] Date of first publication: March 2022 Updated: April 2023.

THE MARKET CYCLE OF EMOTIONS

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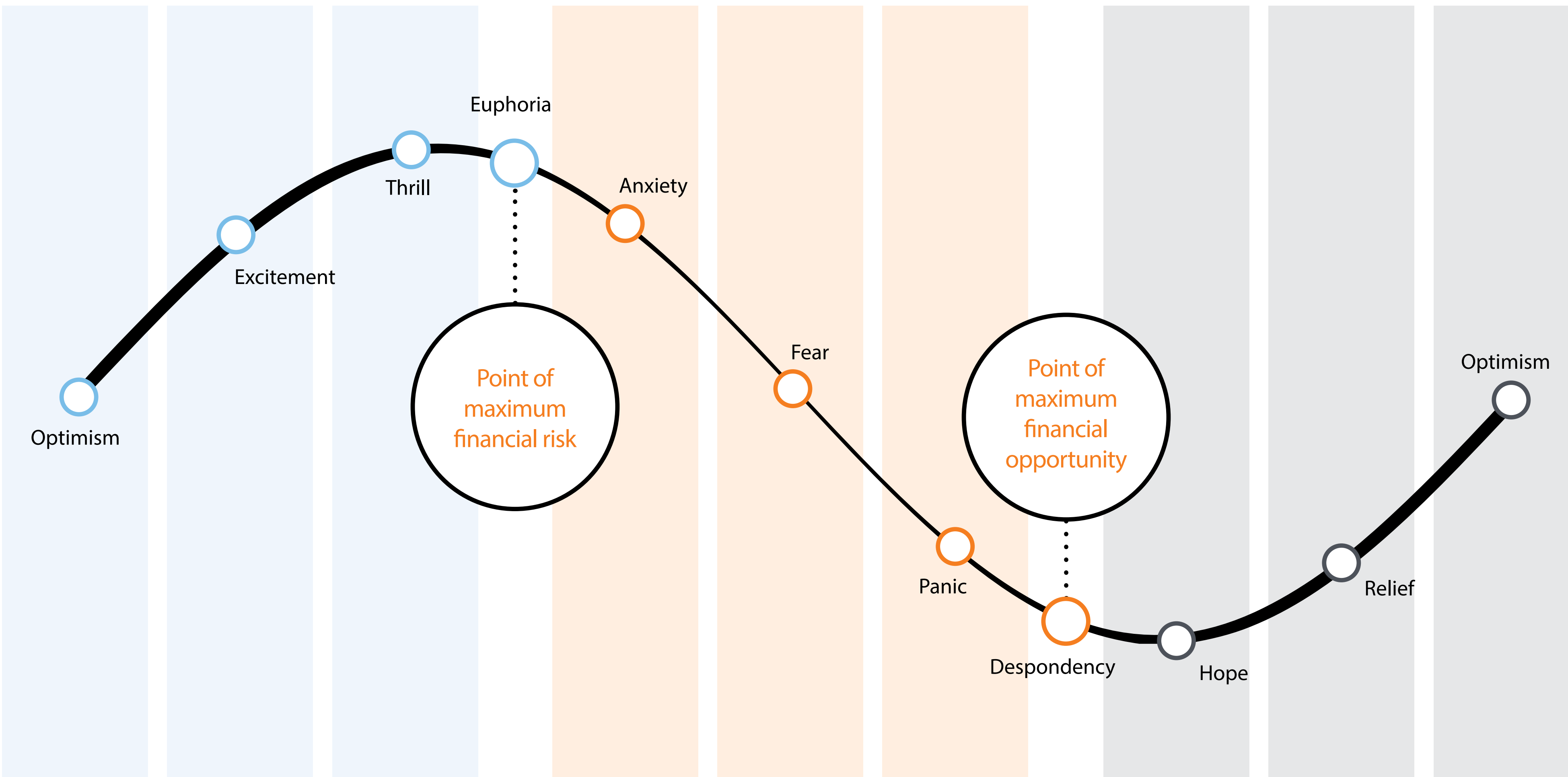
Most investors are aware of market cycles; and how you feel about the market often runs in cycles as well. This chart identifies how you may be feeling during different phases of the market cycle.



Source: Russell Investments.

Russell Investments

Date of first publication: April 2016. Revised: May 2023.

RETAIL-03775 [EXP-05-2024]

VALUE OF DIVERSIFICATION

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Annual Total Returns (%) for Key Market Indexes (2007 – 2022)

Best performing ↑ / Weakest performance ↓

2007	2008	2009	2010	2011	2012	2013	2014
EMERGING MARKETS 18.6	CANADIAN BONDS 6.4	CANADIAN SMALL CAP 62.4	CANADIAN SMALL CAP 35.1	CANADIAN BONDS 9.7	EMERGING MARKETS 16.0	US SMALL CAP STOCKS 48.1	US LARGE CAP 23.9
CANADIAN LARGE CAP 11.1	60% STOCKS 40% BONDS MIX -14.8	EMERGING MARKETS 52.0	US SMALL CAP STOCKS 20.2	US GROWTH 4.7	INT'L STOCKS 15.3	US GROWTH 43.2	US VALUE 22.9
CANADIAN BONDS 3.7	US SMALL CAP STOCKS -17.2	CANADIAN LARGE CAP 31.9	CANADIAN LARGE CAP 13.8	US LARGE CAP 4.6	US VALUE 14.9	US VALUE 41.6	US GROWTH 22.6
60% STOCKS 40% BONDS MIX 2.0	US VALUE -20.3	US GROWTH 16.4	EMERGING MARKETS 13.0	US VALUE 2.4	US SMALL CAP STOCKS 13.8	US LARGE CAP 41.3	US SMALL CAP STOCKS 14.3
CANADIAN SMALL CAP 0.9	US LARGE CAP -21.2	60% STOCKS 40% BONDS MIX 15.7	US GROWTH 11.5	60% STOCKS 40% BONDS MIX 0.5	US LARGE CAP 13.4	INT'L STOCKS 31.6	CANADIAN LARGE CAP 12.3
INT'L STOCKS -5.3	US GROWTH -23.0	INT'L STOCKS 12.5	US VALUE 10.2	US SMALL CAP STOCKS -1.8	US GROWTH 12.7	60% STOCKS 40% BONDS MIX 14.3	60% STOCKS 40% BONDS MIX 10.9
US GROWTH -5.5	INT'L STOCKS -28.8	US SMALL CAP STOCKS 8.0	60% STOCKS 40% BONDS MIX 9.7	CANADIAN LARGE CAP -9.1	CANADIAN LARGE CAP 8.1	CANADIAN LARGE CAP 13.3	CANADIAN BONDS 8.8
US LARGE CAP -10.5	CANADIAN LARGE CAP -31.2	US LARGE CAP 7.4	US LARGE CAP 9.1	INT'L STOCKS -9.5	60% STOCKS 40% BONDS MIX 7.9	CANADIAN SMALL CAP 7.6	EMERGING MARKETS 7.0
US VALUE -16.1	EMERGING MARKETS -41.4	CANADIAN BONDS 5.4	CANADIAN BONDS 6.7	EMERGING MARKETS -16.1	CANADIAN BONDS 3.6	EMERGING MARKETS 4.3	INT'L STOCKS 4.1
US SMALL CAP STOCKS -16.5	CANADIAN SMALL CAP -45.5	US VALUE 1.7	INT'L STOCKS 2.6	CANADIAN SMALL CAP -16.4	CANADIAN SMALL CAP -2.2	CANADIAN BONDS -1.2	CANADIAN SMALL CAP -2.3

2015	2016	2017	2018	2019	2020	2021	2022
US GROWTH 26.0	CANADIAN SMALL CAP 38.5	EMERGING MARKETS 28.7	US GROWTH 6.7	US GROWTH 29.0	US GROWTH 35.8	CANADIAN LARGE CAP 28	US VALUE -1.3
US LARGE CAP 21.6	CANADIAN LARGE CAP 21.4	US GROWTH 21.1	US LARGE CAP 4.2	US LARGE CAP 24.8	US SMALL CAP STOCKS 17.9	US LARGE CAP 27.6	CANADIAN LARGE CAP -6.2
INT'L STOCKS 19.5	US SMALL CAP STOCKS 17.1	INT'L STOCKS 17.4	CANADIAN BONDS 1.4	CANADIAN LARGE CAP 21.9	EMERGING MARKETS 16.6	US GROWTH 24.8	INT'L STOCKS -7.8
US VALUE 15.0	US VALUE 14.3	US LARGE CAP 13.8	US VALUE -0.3	US VALUE 19.9	US LARGE CAP 16.3	US VALUE 24.3	CANADIAN SMALL CAP -9.3
US SMALL CAP STOCKS 14.6	US LARGE CAP 8.1	CANADIAN LARGE CAP 9.8	60% STOCKS 40% BONDS MIX -2.3	US SMALL CAP STOCKS 19.2	CANADIAN SMALL CAP 12.9	CANADIAN SMALL CAP 20.3	60% STOCKS 40% BONDS MIX -9.4
60% STOCKS 40% BONDS MIX 5.1	60% STOCKS 40% BONDS MIX 7.9	60% STOCKS 40% BONDS MIX 8.4	US SMALL CAP STOCKS -3.0	INT'L STOCKS 16.5	CANADIAN BONDS 8.7	US SMALL CAP STOCKS 13.8	CANADIAN BONDS -11.7
CANADIAN BONDS 3.5	EMERGING MARKETS 7.7	US SMALL CAP STOCKS 7.1	INT'L STOCKS -5.6	CANADIAN SMALL CAP 15.8	60% STOCKS 40% BONDS MIX 8.6	60% STOCKS 40% BONDS MIX 12.3	US LARGE CAP -12.2
EMERGING MARKETS 2.4	US GROWTH 3.7	US VALUE 5.8	EMERGING MARKETS -6.5	60% STOCKS 40% BONDS MIX 15.8	INT'L STOCKS 6.4	INT'L STOCKS 10.8	EMERGING MARKETS -13.9
CANADIAN LARGE CAP -7.8	CANADIAN BONDS 1.7	CANADIAN SMALL CAP 2.8	CANADIAN LARGE CAP -7.6	EMERGING MARKETS 12.9	CANADIAN LARGE CAP 5.6	CANADIAN BONDS -2.5	US SMALL CAP STOCKS -14.7
CANADIAN SMALL CAP -13.3	INT'L STOCKS -2.0	CANADIAN BONDS 2.5	CANADIAN SMALL CAP -18.2	CANADIAN BONDS 6.9	US VALUE 1.1	EMERGING MARKETS -3.1	US GROWTH -23.8

Sources:

Canadian Large Cap
S&P/TSX 60 INDEX[1]

A float-adjusted market capitalization index, comprising of Canadian incorporated companies with established track records. Only stocks with a float turnover exceeding 3.5 are considered for inclusion in the "60."

Canadian Small Cap
S&P/TSX CANADIAN SMALL CAP INDEX[1]

Float-adjusted and market cap weighted, this index was developed with industry input as the ideal benchmark for those with small cap exposure of the Canadian equity market.

Canadian Bonds
FTSE TMX CANADA UNIVERSE BOND INDEX[2]

An index of approximately 750 bonds with a term to maturity of one to 30 years, designed to reflect the Canadian bond market. Prior to 2006: RBC CM Canadian Bond Market Index.

US Large Cap
S&P 500 INDEX

A capitalization-weighted index comprising 500 industrial, utility, transportation, and financial companies of the US market. The index represents about 75% of NYSE market capitalization and 30% of NYSE issues.

US Small Cap Stocks
RUSSELL 2000® INDEX

Measures the performance of the 2,000 smallest companies in the Russell 3000® Index, representative of the US small capitalization securities market.

US Growth
RUSSELL 3000® GROWTH INDEX

Measures the performance of those Russell 3000® Index companies with higher price-to-book ratios and lower forecasted growth values, representative of US securities exhibiting growth characteristics.

US Value
RUSSELL 3000® VALUE INDEX

Measures the performance of those Russell 3000® Index companies with lower price-to-book ratios and lower forecasted growth values, representative of US securities exhibiting value characteristics.

International Stocks
MSCI EAFE INDEX[3]

An index, with dividends reinvested, representative of the securities markets of 20 developed market countries in Europe, Australia and the Far East.

Emerging Markets
MSCI EMERGING MARKETS INDEX

A free float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets.

60% Stocks 40% Bonds Mix
Represented by 30% Canadian stocks (S&P/TSX COMP), 15% US stocks (S&P 500),15% International stocks (MSCI EAFE), 40% Canadian bonds (1995–2005 RBC CM Canadian Bond Market Index; 2006 – Current FTSE TMX Canada Universe[2]).

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IMPORTANT INFORMATION

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KEEP CALM AND STAY INVESTED

3 GUIDELINES TO KEEP IN MIND IN VOLATILE MARKETS

We are faced with headlines every day that may cause us to think about bailing on investments. Whether it's rising interest rates, inflation, or geopolitical tensions, the news can be very distracting.

On days where headlines are alarming and investors like you are wondering what's happening to your savings, it's more crucial than ever to focus on the bigger picture and your long-term goals. At Russell Investments, we believe that investors can avoid missteps that can lead to bigger shortfalls than they are already facing. Recent events have served as a reminder of this. Investing can be uncomfortable for a lot of people, but does it have to be?

It's important to remember to stick to your long-term financial plan and avoid emotional, headline-driven decisions. To help ease some of the angst, consider these three guidelines to help you keep things in perspective, and stay calm and invested.

1. No one (really) can time the market

Even the most sophisticated investors will tell you that it is virtually impossible to accurately predict the market's short-term moves. In fact, mistiming can have a severe negative impact on investment returns. In a low growth/lower return environment, what does this mean for investors saving for retirement? In today's reality, where investors are more likely than ever to face retirement income gaps, they can't afford to miss out on returns.

We believe in the power of being invested over the long term. Not being invested (strategy #5 in Exhibit 1), and simply leaving money in cash, yields by far the worst ending wealth of any investment option. Even investing your money on the worst days of the market (strategy #4) is still more favorable than not investing at all.

2. Nothing, especially volatility, lasts forever

There have been many times throughout history where markets have declined—but these relatively short periods are most often followed by the most favorable returns. Unfortunately, due to loss aversion[1]—one of the principles of behavioral economics—people tend to remember the bad twice as much as the good[2]. Despite lengthy bull [3] runs in the markets, even a few bad days in the markets can cause some investors to rethink their long-term investment strategy.

Since 1924, Canadian stocks have more often finished the calendar year in positive rather than in negative territory—in fact, 74% of the time, as evidenced in Exhibit 2. It's extremely challenging to predict whether a calendar year will be positive or negative.

> *In the financial markets, hindsight is forever 20/20, but foresight is legally blind. And thus, for most investors, market timing is a practical and emotional impossibility.*
>
> Benjamin Graham, The Intelligent Investor

[1] Loss aversion is people's tendency to prefer avoiding losses to acquiring equivalent gains.

[2] Source: Seeking Alpha: The Persistence of Aversion: Why Investor Pains Hurts Twice. https://seekingalpha.com/article/4240745-persistence-of-aversion-why-investor-pain-hurts-twice

[3] Bull markets are markets where the cumulative return exceeded 20%.

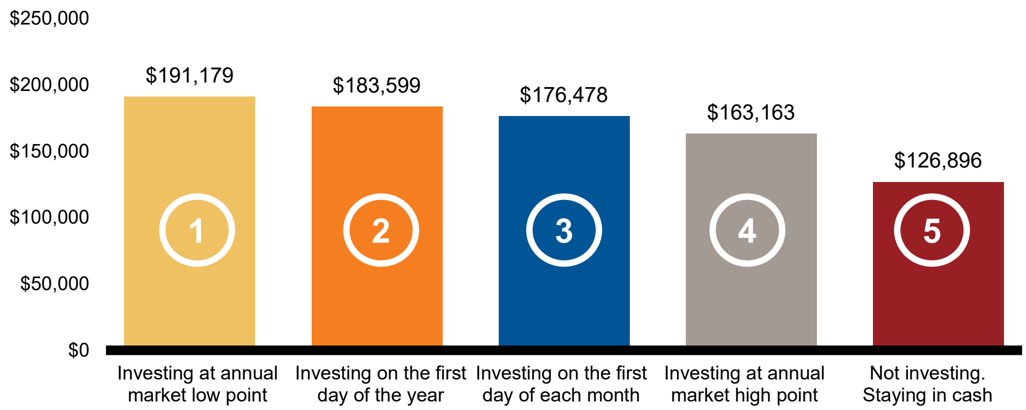
[3] Represented by the S&P/TSX Composite Index from 1924-2022. Source: Confluence

EMBRACE THE POSS/BLE™

Exhibit 1: The power of being invested over the long term

1 Perfect timing	2 First of year	3 Dollar cost averaging	4 Perfectly wrong timing	5 Holding cash, no investment
This strategy is ideal, yet implausible.	Investing your money for the most amount of time can yield the most gain in most market environments	A popular rules-based strategy. Can help investors cope with uncertain or volatile markets.	Despite bad timing, assets invested in the market may grow faster than if left in cash.	Holding cash too long can result in the least growth of wealth.

Hypothetical ending wealth after investing $12,000 per year for 10 years
Period ending December 31, 2022



Note that one year represents a 12-month period ending the last day of December each year.

Assumes a one-time investment of $12,000 per year into the S&P/TSX Composite Index with no withdrawals between December 31, 2012 and December 31, 2022. Cash return based on return of $12,000 invested each year in the FTSE Canada 91-Day T-Bill Index without any withdrawals between December 31, 2012 and December 31, 2022. Indexes are unmanaged and cannot be invested in directly. Returns represent past performance, are not a guarantee of future performance, and are not indicative of any specific investment.

Hypothetical analysis provided for illustrative purposes only.

3. Diversification matters

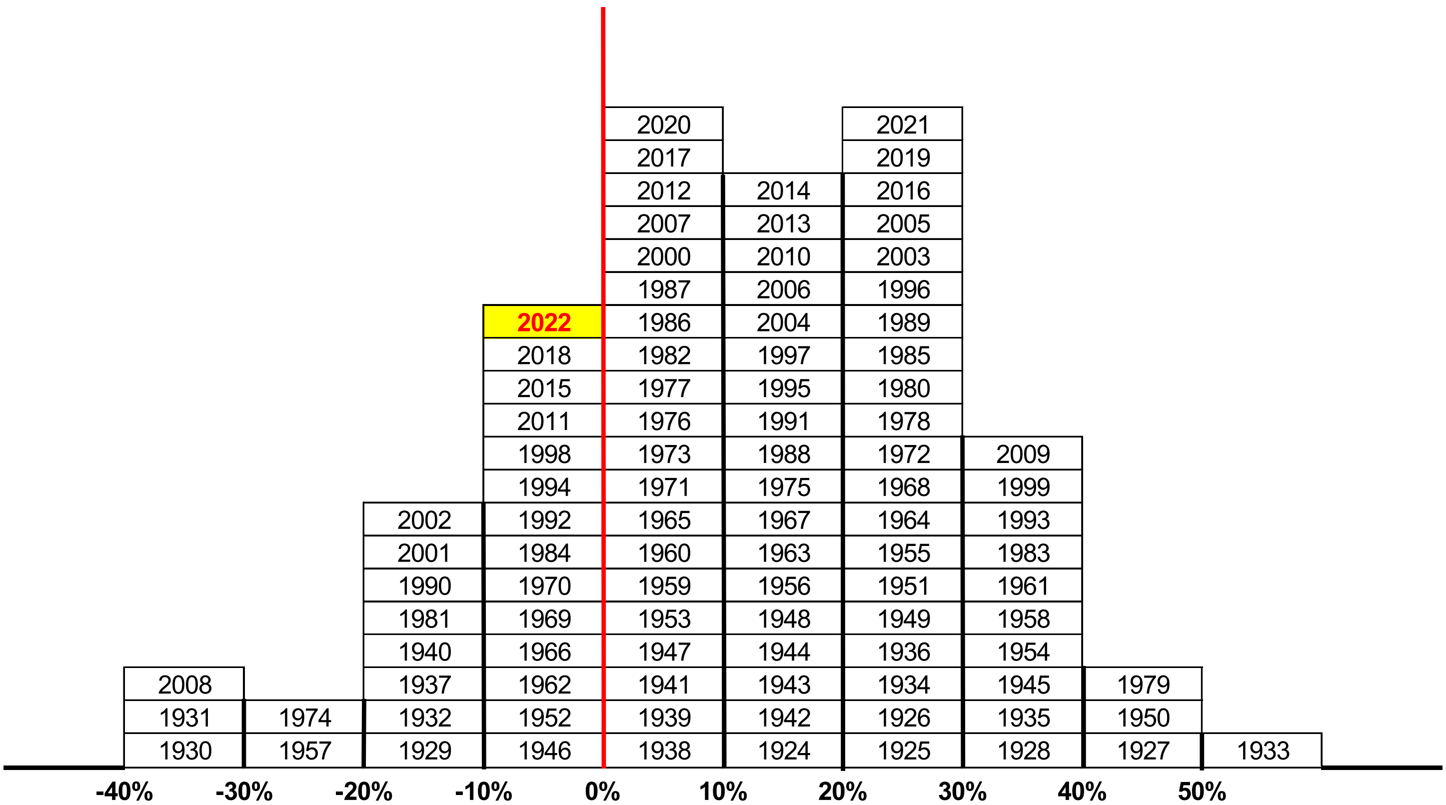
Working with your financial advisor, having a robust strategic asset allocation with regular rebalancing, or investing in a professionally managed multi-asset solution, can potentially enhance returns, but more importantly, help manage volatility. Periods of panic provide an equally good opportunity to ensure that investors have the right attitude when it comes to risk. Russell Investments has consistently advocated for investors to consider a global multi-asset approach to investing. We believe doing so may put investors on a smoother path toward meeting goals, while also helping to manage risk. Put simply, investors diversify because the future is uncertain, and no one can predict with certainty which asset class will win or lose over the upcoming market cycles.

> *"The only investors who shouldn't diversify are those who are right 100% of the time."*
>
> John Templeton[5]

[5] Source: Financial Express: How legendary investor John Templeton learned to put his eggs in different baskets, by Sushruth Sunder. https://www.financialexpress.com/market/how-legendary-investor-john-templeton-learned-to-put-his-eggs-in-different-baskets/847894/

Exhibit 2: Historically it has paid to own stocks

CALENDAR YEAR STOCK RETURNS - CANADA



Represented by the S&P/TSX Composite Index from 1924-2022. Source: Confluence.

Index returns represent past performance, are not a guarantee of future performance, and are not indicative of any specific investment. Indexes are unmanaged and cannot be invested in directly.

The bottom line

While navigating uncertainty and extreme market volatility is difficult, it's important to keep the big picture in mind and stay focused on your long-term goals. Historically, over the long term, markets have been positive more often than negative, as shown in Exhibit 2. Volatility is a reality, even in positive markets, and diversification is a tool every investor can rely upon to help withstand market corrections. Rather than reacting to volatility and trying to time short-term market gyrations, Russell Investments believes that investments should be based on personal long-term goals, time horizon, financial circumstances and risk tolerance, not on what markets are doing at a given moment. Economic uncertainty will always be a cause for anxiety, so it's important to remember these guidelines and to speak with your financial advisor when the markets get choppy.

About Russell Investments

Russell Investments is a leading global investment solutions firm providing a wide range of investment capabilities to institutional investors, financial intermediaries, and individual investors around the world. Building on an 87-year legacy of continuous innovation to deliver exceptional value to clients, Russell Investments works every day to improve the financial security of its clients.

IMPORTANT INFORMATION

S&P/TSX Composite Index: The benchmark Canadian index, representing roughly 70% of the total market capitalization on the Toronto Stock Exchange.

FTSE Canada 91-Day T-Bill Index: A benchmark that tracks the performance of 3-month Canadian government treasury bills.

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BEHAVIOR

Russell Investments

HOW TO AVOID COMMON BEHAVIORAL BIASES

EMBRACE THE POSS/BLE™

Why do investors react differently to the same market event?

It depends on a number of factors, such as what the investor's objectives are, including their risk tolerance and return target, what their beliefs are about where they are in the market cycle and what markets will do next within the investor's time horizon.

For example, if markets fall 10% and news headlines about an increased probability of near-term recession fuel anxiety in investors' minds, the following may happen:

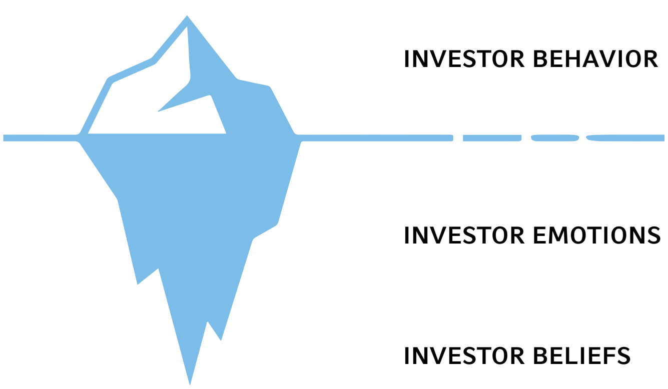
- A common response may be to stop investing until markets stopped falling;
- Some worried investors may even start selling in case it's the start of a bear market;
- Contrarian investors may see the market correction as an opportunity to buy stocks 'on sale' at lower prices.

Same event. Three different types of behaviors.

Conversely, if markets or particular asset classes, sectors or stocks rally, the following may happen:

- A common response may be to follow the herd and join in the buying activity, bidding up prices;
- Some cautious investors may wait to see if the rally will be sustained before investing;
- Contrarian investors may sell because they believe the prices are too high.

Some beliefs may lead to successful investment strategies and behaviors. However, other beliefs may lead to behavioral biases that are counterproductive and jeopardize the likelihood of achieving an investor's objectives. This could ultimately have a long-term negative impact on their wealth.



Examples of behavioral biases & portfolio implications

To understand what these biases are and why investors exhibit them, we need to remember that our human brains are hardwired for a world of limited and poor information.

Historically, survival depended on quick pattern recognition and decisive action. As a result, stereotyping and generalizing have proved helpful in survival.

However, when it comes to investing in a world of uncertainty, these traits can push investors to find patterns that may not actually exist, especially for short-term horizons.

> *In **"Thinking Fast and Slow"**, behavioral scientist Daniel Kahneman categorized the human thought process in two different ways: System 1, or "Blink" and System 2, or "Think". System 1 is our intuition – fast, automatic and emotional. System 2 is our reasoning – slow, deliberate and systematic.*

"BLINK": SYSTEM 1	"THINK": SYSTEM 2
Fast: Freeze, flight or fight	Slow: Considered
Intuitive/Autopilot/uncontrolled	Rational/Intentional/controlled
Ignores some information due to speed	Includes all relevant information
Developed over many years	More recently developed
Prone to predictable, systematic errors	Can be trained, rule-following
Unconscious/effortless	Self-aware/deliberate
Associative	Deductive

Source: "System 1" and "System 2" terminology taken from Daniel Kahneman, *Thinking Fast and Slow*. Random House, 2011.

Buy high, sell low

Contrary to the key to successful investing – buying low and selling high – many investors end up doing the opposite. This can inadvertently result because of:

Herding biases

Humans tend to mimic actions of larger group and follow the crowd, e.g. if everyone is selling, you sell too and vice versa. Herding comes from our evolutionary need to fit in with the majority because exclusion from the pack can be dangerous as there would be less protection from predators.

Fear and loss aversion

Humans tend to prefer avoiding losses than acquiring equivalent gains: If someone is confronted with equal amounts of loss and gain, the pain they experience from loss is nearly twice as strong as the pleasure of the gain.[1] Some investors may sell at low prices as the market is falling to avoid more losses despite the investment being a sound one and helpful to achieve their long-term objectives. They may also miss out on true buying

1 Source: Advances in Prospect Theory – Cumulative Representation of Uncertainty, Tversky and Kahneman, 1992.

opportunities for fear that negative market sentiment will continue the downward trend.[2]

Trade too often

In addition investors may trade too often because of an overconfidence bias: humans tend to overestimate or exaggerate their ability to successfully perform tasks.

Humans tend to overestimate their knowledge and skills, underestimate the risks and exaggerate their ability to control those risks.

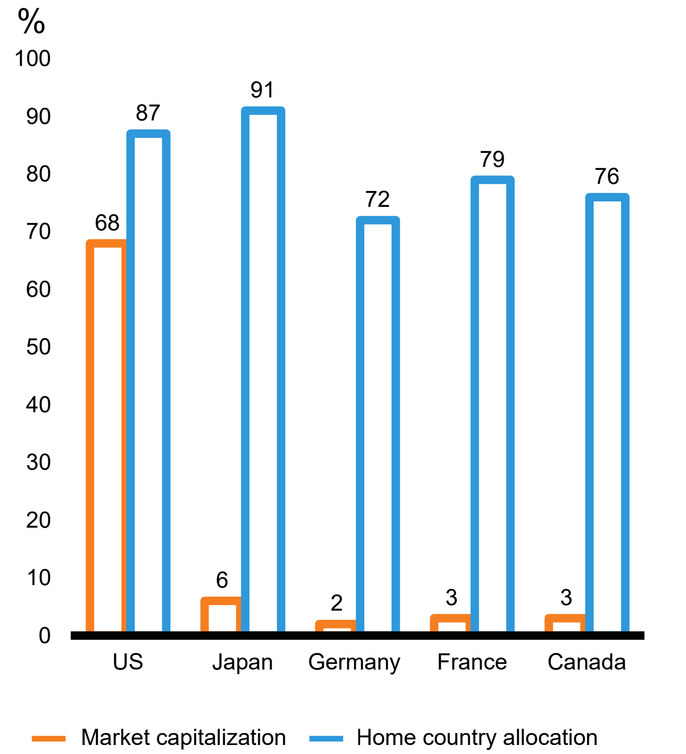
An overconfidence bias often translates into high portfolio turnover. Overconfident investors tend to believe they know more than the average person about investing and tend to be more thrill-seeking according to research by two professors at the University of California.[3]

Home bias & country specific risk

Humans tend to prefer what is familiar or well-known. One of the common results of this in portfolios around the world is the home country bias: the tendency to allocate a greater portion of one's portfolio to assets domiciled in your home country.

The home country bias limits the amount of diversification in investor portfolios and exposes investors to significant country-specific risk.

Home Country Bias[4]



Source: MSCI, as of Dec 31 2022. Market capitalization of MSCI country index divided by MSCI All Country World Index. Home country equity allocation—John R. Nofsinger, The Psychology of Investing, Fifth Edition, Pearson, 2014, p. 89.

2 Also related to regret aversion bias: fear of bad outcomes and desire to avoid blame for poor result, e.g. fear of missing out on fads or stay out of market to avoid downturn.

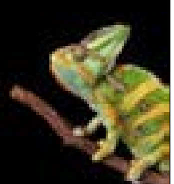
3 Source: Brad Barber, Terrance Odean, "Boys Will Be Boys: Gender, Overconfidence, and Common Stock Investments," Quarterly Journal of Economics 116(2001): 261-292.

4 Source: MSCI, as of Dec 31 2022. Market capitalization of MSCI country index divided by MSCI All Country World Index. Home country equity allocation—John R. Nofsinger, The Psychology of Investing, Fifth Edition, Pearson, 2014, p. 89.

Common behavioral biases

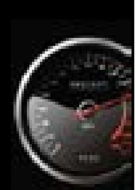
Herding

Humans tend to mimic the actions of the larger group



Overconfidence

Humans tend to over estimate or exaggerate our ability to successfully perform tasks



Familiarity

Humans tend to prefer what is familiar or well-known

Can lead to

Buy high, sell low

Trade too often

Overweight home country

How to avoid behavioral bias

As humans, we all suffer from some biases. But many of these can be offset by a robust, objective and disciplined process.

As more and more investors prepare to retire and financial markets remain unpredictable, it will be increasingly important to keep behavioral biases in check.

A trusted financial advisor can help:

1 Provide education on potential biases and how to recognize whether they are affecting investment decisions

2 Take an objective view of how any decision can have a long-term impact on a portfolio

3 Create a process that considers an investor's goals, circumstances and preferences to keep them focused on their long-term outcomes

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RETAIL-03669 [EXP-01-2024]