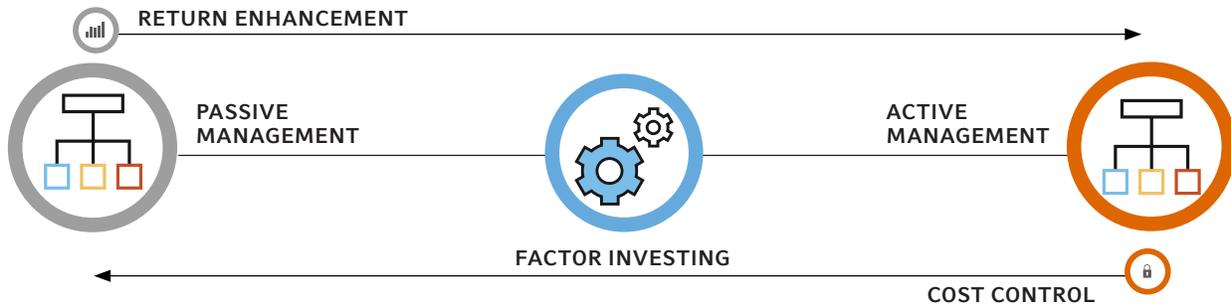




Multi-factor investing

A complement to any investing strategy, designed to harness incremental returns while seeking to manage risks and costs.



Factors are the underlying characteristics that drive returns of stocks, bonds and other assets. For instance, **Value**, **Momentum**, **Quality** and **Low Volatility** are four common equity factors that have the potential to deliver excess returns over the broad market. Factor investing targets exposure to these factors to help maximize a portfolio's return and manage its risk.

Active investment managers have for decades used strategies to target factors, such as specializing in value or momentum equities. Technological and research developments now allow managers to provide more precise exposure to factors in a portfolio, harnessing these powerful tools to help meet client objectives.



Value investment strategies involve identifying companies that are trading at a discount to fair value of the broader market.



Quality investment strategies focus on identifying companies that deliver sustainable returns to shareholders. Typically characterized by high profitability, low leverage and low earnings volatility.



Momentum investment strategies focus on identifying those stocks with strong performance, with the expectation that the strong performance will continue.



Low-Volatility based investment strategies focus on identifying companies that have more stable return patterns than the broader market.

And...



Growth strategies focus on stocks that exhibit higher historical and forecasted growth rates, as measured by fundamental measures such as earnings and sales, relative to the broader market. Size strategies focus on stocks with a lower market capitalization.

The quest for generating incremental returns while managing portfolio risk can be challenging. In response, many investors are seeking additional, cost-effective investment approaches to complement their active or passive allocations. Factor investing is one such approach that can efficiently help manage risk and enhance returns.

Our factor investing approach

At Russell Investments¹, we understand factor investing—it's been one of our core capabilities for more than 40 years. We believe there are three key components to a successful multi-factor strategy: 1) Identifying and understanding multiple factors, 2) Thoughtful portfolio construction and 3) Dynamically managing factor exposures.

Multiple factors

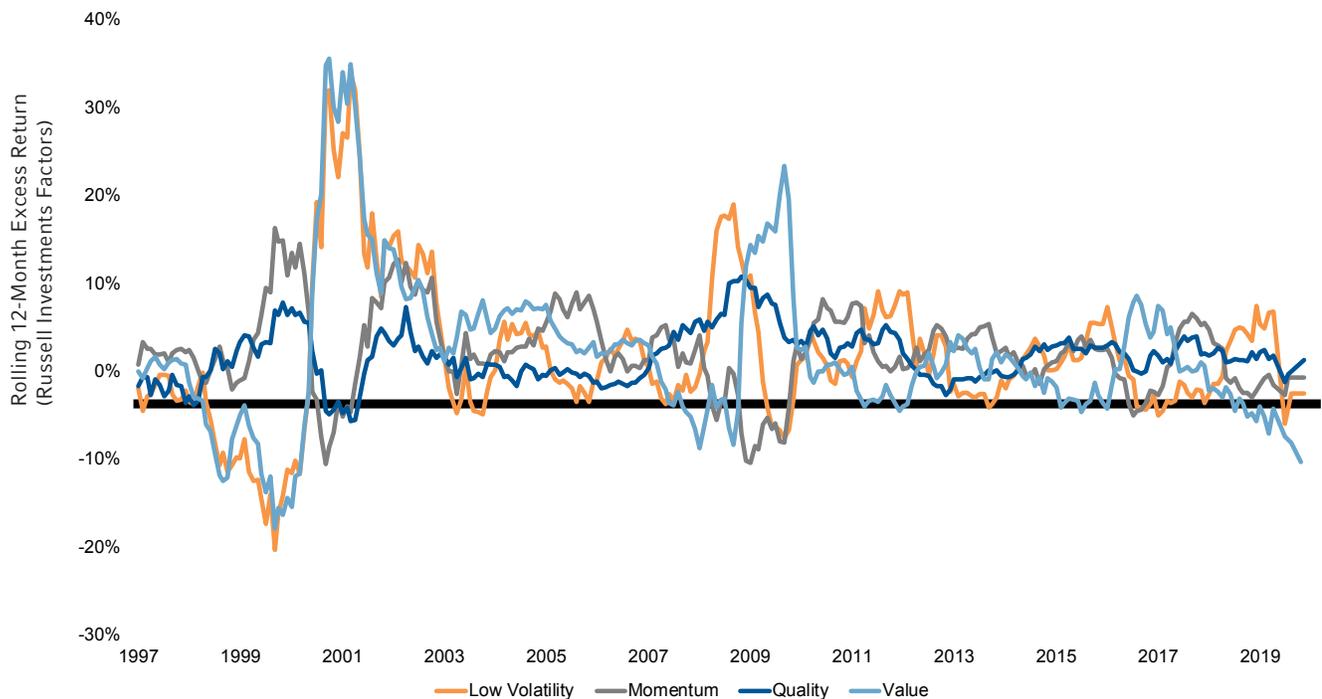
Early adopters of factor investing focused on portfolios targeting a single factor to more reliably realize a desired exposure. However, factors can be volatile and present unique risks to investors given their highly cyclical nature.

Although each individual factor's excess returns are expected to be positive in the long run, they are not consistently positive over shorter time horizons and fall in and out of favor at different times throughout the market cycle.

Combining multiple factors in a single portfolio may help provide more consistent performance over time, especially given that the performance cycles of the most common factors have not historically coincided with each other—when one factor is underperforming, another factor may be outperforming.

Combining multiple factors: Diversifying return patterns

Rolling 12-Month Excess Return of factors vs. blended Russell Global Large Cap and MSCI ACWI Indexes



Source: Russell Investments. Rolling 12-month excess return is the annualized performance of the portfolio in excess of its benchmark over the past 12 months of a given end date. Based on monthly data from June 1997 – March 2020. Returns represented by Russell Investments Growth, Quality, Momentum, Low Volatility and Value factors relative to the Russell Global Large Cap Index (June 1997–December 2018) and MSCI ACWI Index (January 2019–March 2020) (as proxies for global equity). Indexes are unmanaged and cannot be invested in directly. Past performance is not indicative of future results. The factor returns do not reflect any Russell Investments Canada Limited's product or any investment fund. Returns represent past performance, are not a guarantee of future performance, and are not indicative of any specific investment. For illustration purposes only.

¹ Russell Investments Canada Limited, backed by the larger Russell Investments, benefits from these global capabilities.

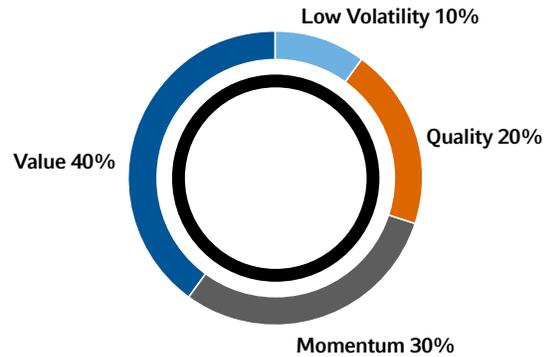
Thoughtful portfolio construction

Combining multiple factors within a portfolio requires careful consideration—just as diversifying across various asset classes does—so that the components complement each other. A simplistic multi-factor portfolio would equally weight each factor. However, our research shows that optimizing risk-adjusted returns requires an understanding of each factor’s behavior under different economic regimes. For example,

- The **Value** factor has tended to start performing well at market bottoms.
- The **Momentum** factor has typically started performing well at or near market peaks.
- The **Quality** factor has been the most stable in terms of returns, though it tends to perform better during recessions.
- The **Low Volatility** factor has demonstrated the strongest counter-cyclical pattern.

We use this insight to thoughtfully construct the strategic factor weights for our multi-factor portfolios: 40% Value, 30% Momentum, 20% Quality and 10% Low Volatility. These weights become the starting point for our Portfolio Managers to dynamically manage our multi-factor portfolios.

Strategic factor weights

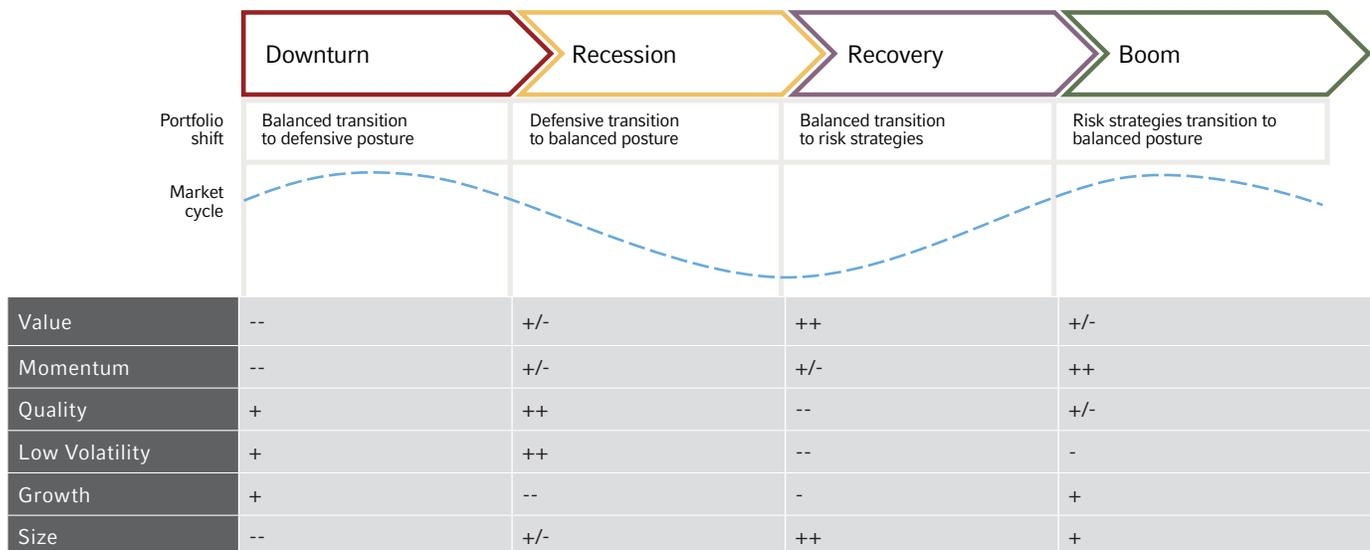


Actual weights may vary from the strategic allocation depending on the market environment.

Dynamic active management

Markets are not static and conditions are constantly evolving, causing the attractiveness of any one factor to vary. Therefore, our Portfolio Managers actively adjust individual factor weights, based on our manager research insights and strategists’ capital market views on the business cycle, valuations and market sentiment. For example, the Portfolio Managers may increase the **Value** exposure near market bottoms as equities are seemingly set to rebound. Conversely, **Quality** may be emphasized in a weak or recessionary environment.

Dynamically-managed factor exposures based on market cycle

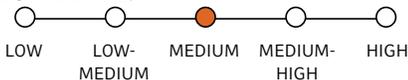


Russell Investments (RI) does not believe in a return premium to the Growth factor through the entire cycle, so it is not included in our ‘strategic factors’ above. However, RI believes there are appropriate times to allocate to Growth within certain phases of the cycle as a valuable analogue to allocations to the Value factor. RI does not believe in a premium to smaller size, but does believe that active management, and factor exposures, are more powerful in smaller cap stocks.

RUSSELL INVESTMENTS MULTI-FACTOR INTERNATIONAL EQUITY POOL

INVESTMENT OBJECTIVE: To provide long-term capital growth by investing principally in equity securities of issuers outside of Canada and the U.S. using multiple factors to select investments.

RISK LEVEL:



Fund Codes

Series B (Front Load) FRC 454	Series F FRC 464
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RUSSELL INVESTMENTS MULTI-FACTOR U.S. EQUITY POOL

INVESTMENT OBJECTIVE: To provide long-term capital growth by investing principally in equity securities of U.S. issuers using multiple factors to select investments.

RISK LEVEL:



Fund Codes

Series B (Front Load) FRC 584	Series F FRC 514
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RUSSELL INVESTMENTS MULTI-FACTOR CANADIAN EQUITY POOL

INVESTMENT OBJECTIVE: To provide current income and long-term capital growth by investing principally in Canadian equity securities using multiple factors to select investments.

RISK LEVEL:



Fund Codes

Series B (Front Load) FRC 647	Series F FRC 667
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Purchase options above are for Canadian dollars. Also available in U.S. dollars. Account minimums: \$25,000, subsequent purchase: \$500. Trailer fee 1.00% (Series B). Management Fee 1.40% (Series B), 0.40% (Series F.)

Russell Investments Multi-Factor Global Balanced

<p>Global Credit Pool 4%</p> <p>Global Unconstrained Bond Pool 6%</p> <p>Fixed Income Pool 30%</p> <p>Multi-Factor International Equity Pool 19%</p> <p>Multi-Factor Canadian Equity Pool 16%</p> <p>Multi-Factor US Equity Pool 25%</p> <p>The name of each Pool begins with "Russell Investments"</p>	<p>INVESTMENT OBJECTIVE:</p> <p>To provide long-term capital growth with some income, primarily through exposure to Canadian and foreign equity securities and, to a lesser extent, exposure to fixed income investments using multiple factors to select investments. The Fund may invest in other mutual funds.</p>	<p>RISK LEVEL:</p> <p>Fund Codes</p> <table border="1"> <tr> <td>Series B FRC 260</td> <td>Series F FRC 560</td> </tr> </table> <p>Trailer fee 1.00% (Series B). Management Fee 1.45% (Series B), 0.45% (Series F).</p>	Series B FRC 260	Series F FRC 560
Series B FRC 260	Series F FRC 560			

FOR MORE INFORMATION

For more information about our multi-factor solutions, please contact your advisor or visit russellinvestments.com/ca.

IMPORTANT INFORMATION

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As with all mutual funds, investment in this mutual fund contains risks that may make it unsuitable for investors, depending on their investment objectives and risk tolerance. If the fund does not perform as intended, an investor may experience a loss of part or all of their principal invested. Please read the prospectus of this fund for a detailed description of the risks involved in this investment.

Diversification does not assure a profit and does not protect against loss in declining markets.

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