

July 2023

RUSSELL INVESTMENTS GLOBAL UNCONSTRAINED BOND POOL

We've changed the line-up of underlying third-party managers in **Russell Investments Global Unconstrained Bond Pool and Russell Investments Global Unconstrained Bond Class¹** (collectively the "Funds") as part of an ongoing effort to ensure that the Funds are exposed to the best ideas from our portfolio management and manager research teams.

At Russell Investments Canada Limited (Russell Investments), we are committed to providing high conviction investment solutions utilizing a selection of the world's leading investment managers as a means to help Canadians pursue their desired investment outcomes.

We have added the **Credit Factor – Value (US Investment Grade/'US IG') strategy**, sub-advised by Russell Investments Implementation Services/RIIS to the Funds, removed **Putnam Investments Canada, ULC** ("Putnam") as a sub-adviser to the Funds, and have adjusted the weightings of the other sub-advisers.

Overall investment objectives, risk parameters, and Funds' characteristics will not materially change as a result of these changes. Russell Investments believes these changes will support the excess return potential of the Funds.

Fund change details

New manager

- Russell Investments: Credit Factor – Value (US IG) strategy

Terminated manager

- Putnam Investments Canada, ULC: Opportunistic strategy

Change rationale

Putnam has been removed as a sub-adviser due to lack of conviction in the strategy following key departures, risks associated with their use of derivatives, illiquidity and dampened performance. While the Putnam securitized team is high quality, the level of depth demonstrated by the team is not commensurate with the breadth of the opportunity set. Putnam's positions in the less liquid securitized segments were an additional reason for their removal.

¹Russell Investments Global Unconstrained Bond Class invests in Russell Investments Global Unconstrained Bond Pool

We took this opportunity to instead introduce the **Credit Factor – Value strategy (CF)**, which is a systematic factor strategy for credit investing. It is a quantitative corporate bond strategy, backed by academic research and market observations, to capture credit premium in a systematic manner. CF applies a value factor model to the US IG corporate bond market, and constructs a portfolio optimized around the 20% more-attractive securities identified, based on value scoring. Value is identified as bonds having a high level of spread relative to its intrinsic spread. This strategy has exhibited lower beta (higher quality) than most active managers, and is also lower turnover, resulting in strong correlation properties to active credit managers.

New sub-adviser target manager weights in the Global Unconstrained Bond Pool (& Class)

The new target weights are illustrated below:

MANAGER	ROLE	CURRENT WGT*	PROPOSED WGT*
Federated Hermes, Inc.	Credit selection	50.00%	50.00%
Voya Investment Management Co. LLC	Yield	20.00%	23.00%
Putnam Investments Canada, ULC	Opportunistic	20.00%	0.00%
Russell Investments	Credit Factor – Value (US IG)	0.00%	20.00%
Russell Investments	Positioning Strategies, Tactical Overlay and Liquidity Reserve*	10.00%	7.00%
		100%	100%

Sub-advisers listed are current as of July 2023. Russell Investments has the right to engage or terminate a sub-adviser at any time and without notice.

*Positioning strategies are customized portfolios directly managed by Russell Investments for use within the total portfolio. Portfolio managers use positioning strategies to seek excess return and manage portfolio risks by targeting specific exposures. The Russell Investments positioning strategy allocation includes the Fund's liquidity reserve which is a cash account that supports day-to-day cash flow and may be overlaid with derivatives to provide market exposure in order to manage the risk profile of the Funds. Liquidity Reserve is a cash account that supports day-to-day cash flow and may be overlaid with derivatives to provide market exposure in order to manage the risk profile of the Fund.

Effect on Russell Investments Global Unconstrained Bond Pool (& Class)

Russell Investments has completed a thorough proforma analysis of the Fund structure incorporating the recommended changes. The Fund's overall investment objectives, strategies and principal risks will remain consistent with the Fund's description as it appears in the prospectus. Fund tilts vary over time depending on manager positions. The recommended structure will have a modest increase in duration, corresponding with a shift from securitized credit to investment grade corporate bonds. Additionally, the liquidity position of the Fund should be improved as a result of these changes.

For more information about Russell Investments Global Unconstrained Bond Pool, please visit russellinvestments.com/ca

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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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.

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