

Fund update



The value of active management

March 2020

At Russell Investments Canada Limited (Russell Investments Canada), 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. Changes have been made recently to the lineup of sub-advisers in the Russell Investments Global Smaller Companies Pool (the "Fund").

We have added **AllianceBernstein L.P. (AB)** as a sub-adviser to the Fund and removed **Metropole Gestion (Metropole)**.

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

Change rationale

Russell Investments Canada believes AB can provide the same value return pattern as Metropole, but with higher excess return potential. Our conviction in Metropole's excess return foundation has diminished due to a leadership shift at Metropole such as the decision by Chief Executive Officer Francois-Marie Wojcik to step back from the day-to-day management of the firm and the change in Chief Investment Officer Isabel Levy's focus to client and management responsibilities. Additionally, there have been changes in the team's research and portfolio management responsibilities.

Metropole's assets have been reallocated to AB's Europe small cap value strategy. Portfolio diversification should remain relatively unchanged as AB and Metropole offer similar factor exposures.

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RUSSELL INVESTMENTS RESEARCH VIEW – ALLIANCEBERNSTEIN

Location:	New York
Founded:	1967
Portfolio manager:	Andrew Birse
Strategies:	Europe small cap value

AB is a leading global investment management firm that offers research and diversified investment services to institutional clients, individuals, and private clients in major markets around the world.

The Europe small cap value strategy is early in its lifecycle with lower assets under management and focuses on identifying undervalued stocks utilizing a relative value approach. AB employs fundamental analysis to select opportunities that it believes are attractively valued on a forward-looking basis. The portfolio is constructed in a risk-aware manner and is expected to benefit from high levels of diversification across industries.

Russell Investments Canada has high conviction in portfolio manager Andrew Birse. He is supported by an analyst team that is well resourced and possesses the experience and skills needed to generate investment recommendations to fulfill the Europe small cap value strategy. These attributes are viewed as highly conducive to investment team

stability and a clear alignment of long-term performance incentives between the investment professionals and clients.

New sub-adviser target weights

The percentages below represent the target allocation of the Fund's assets to each sub-adviser's strategy and Russell Investments' positioning strategies. This does not include liquidity reserves managed directly by Russell Investments, which may constitute up to 5% or more of fund assets at any given time.

RUSSELL INVESTMENTS GLOBAL SMALLER COMPANIES POOL

SUB-ADVISER	ROLE	PREVIOUS FUND WEIGHTS (%)	CURRENT FUND WEIGHTS (%)
Boston Partners Global Investors	US small cap value	17.50%	17.50%
Metropole Gestion	Europe small cap value	10.00%	0.00%
AllianceBernstein, L.P.	Europe small cap value	0.00%	10.50%
Liontrust Investment Partners LLP	Europe small cap market-oriented	10.00%	10.50%
Ancora Advisors LLC	US small cap market-oriented	15.00%	15.00%
Four Seasons Asia Investment Pte. Ltd.	Japan small/microcap market-oriented	15.00%	14.00%
Calamos Advisors LLC*	US small cap growth	12.50%	12.50%
Russell Investments	Positioning strategies	20.00%	20.00%

Sub-advisers listed are current as of March 2020. Russell Investments has the right to engage or terminate a sub-adviser at any time and without notice.

**Calamos Advisors LLC acquired Timpani Capital Management LLC effective May 2019*

Effect on Russell Investments Global Smaller Companies Pool

Russell Investments has completed a thorough proforma analysis of the Fund's structure incorporating the recommended manager change(s). Given the manager's role in the Fund, the Investment Division has determined the Fund's investment objectives, expected alpha, risk parameters and portfolio characteristics such as market capitalization, valuation, sector exposure and country exposure relative to the benchmark will not materially change as a result. The Fund's overall investment objectives, strategies and principal risks will remain consistent with the Fund's description as it appears in the prospectus.

For more information about the Russell Investments Global Smaller Companies Pool, please contact us at 1-888-509-1792 or by email at canada@russellinvestments.com.

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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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.

Russell Investments is the operating name of a group of companies under common management, including Russell Investments Canada Limited. Russell Investments’ ownership is composed of a majority stake held by funds managed by TA Associates with minority stakes held by funds managed by Reverence Capital Partners and Russell Investments’ management.

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