




Russell Investments Fixed Income Pool provides effective diversification against equities and a stable level of cash flow.

UPDATE AS OF JUNE 30, 2024

QUARTERLY SUMMARY

FROM THE PORTFOLIO MANAGER: KEY MESSAGES	
 <p>MARKET</p>	<ul style="list-style-type: none"> The Bloomberg Canada Aggregate Index returned 0.92% in Q2. The Bank of Canada (BoC) cut interest rates and projected further reductions which brought short yields lower and steepened the yield curve. Credit spreads were relatively unchanged but corporate bonds benefited from excess carry and a lower average duration, posting stronger returns to government bonds. Rates markets remain volatile as incoming data shapes market expectations around central bank policy.
 <p>POOL</p>	<ul style="list-style-type: none"> Russell Investments Fixed Income Pool underperformed the Bloomberg Canada Aggregate Bond Index. The Pool was 4th quartile* in Q2 2024: <ul style="list-style-type: none"> - A significant selloff in Corus Entertainment bonds on negative news was a major contributing factor. - Positions in Mexico also detracted as volatility around the election resulted in weakness.
 <p>POSITIONING</p>	<ul style="list-style-type: none"> As yields dropped from late April to mid-June, portfolio duration decreased as well and now sits slightly below the benchmark. Credit managers continued to hold reduced risk as spreads remain tight to historical averages and economic risks, particularly in Canada, remain. The F/X factors strategy was removed during the period. <ul style="list-style-type: none"> - The higher rate environment and end to the hiking cycle reduce the investment proposition.

PERFORMANCE DRIVERS

CONTRIBUTORS	DETRACTORS
<ul style="list-style-type: none"> Overweight to investment grade corporate bonds, securitized sectors and high yield bonds added value. Beutel Goodman added value over their governments benchmark. <ul style="list-style-type: none"> - An overweight to spread sectors added value over the period. Leith Wheeler added value over their blended benchmark. <ul style="list-style-type: none"> - Holding a long duration position as yields fell in May and June was positive. 	<ul style="list-style-type: none"> Canso underperformed the credit benchmark. <ul style="list-style-type: none"> - Positions in Corus Entertainment were hurt by a negative business development. Western underperformed its blended benchmark. <ul style="list-style-type: none"> - Currency and rates positions in Mexico were negatively impacted by the election outcome. - Longer duration positions were negatively impacted by increases in long rates. Relative to peer positioning, an underweight to credit risk detracted from peer relative performance in a spread tightening environment

*Morningstar quartile rankings show how well a fund has performed compared to all other funds in its peer group. Each fund within a peer group is ranked based on its performance, and these rankings are broken into quarters or quartiles. Within a group, the top 25% (or quarter) of the funds are in the first quartile, the next 25% are in the second quartile, the next group in the third quartile, and the bottom 25% of funds with the poorest relative performance are in the fourth quartile.

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OUTLOOK

CYCLE	VALUATION	SENTIMENT
<p>Cycle outlook remains positive for fixed income assets, but caution is warranted.</p> <ul style="list-style-type: none"> - The BoC cut rates and guided towards future cuts, but the next inflation print after the cut surprised to the upside. - This pushed out market expectations somewhat and highlighted that the journey may continue to be uneven. <p>Economic weakness is a positive for duration, but negative for credit.</p>	<p>Rates remain modestly attractive at current levels.</p> <ul style="list-style-type: none"> - Fair value for Government of Canada (GoC) 10yr is estimated at 3.1% vs the 3.5% current level. - Positive return asymmetry remains from economic scenarios. <p>Credit spreads are viewed expensive, and are not pricing in a recessionary scenario.</p> <ul style="list-style-type: none"> - Despite still attractive all-in yields, managers are being patient for a more attractive entry point in which to add credit exposure. 	<p>Volatility in interest rate markets is expected to remain high.</p> <ul style="list-style-type: none"> - Markets are questioning if economic data will slow enough to allow central banks to follow their forecasted rate path. - While the BoC was able to cut, prospects for the U.S. Federal Reserve (the Fed) remain more uncertain. <p>Sentiment in credit markets is still very positive with significant demand for credit from 'yield buyers' driving spreads tighter.</p>

PERFORMANCE

Performance (%) as of June 30, 2024

	3 mo.	YTD	1 yr.	3 yr.	5 yr.	10 yr.	Since inception
Fixed Income Pool (Series F)	0.61	-0.40	3.29	-2.00	0.16	1.71	4.23

Performance is annualized except for periods of less than one year. Source: Russell Investments / Confluence. Indexes are unmanaged and cannot be invested in directly. Past performance is not indicative of future results. Fund inception: February 23, 2001.

FUND CODES (FRC)

	Trust
B (front load)	551
B-3	725
F3	729
F (fee-based)	552
0	412

For additional Series fund codes, visit russellinvestments.com/ca/fundcodes

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