FOREIGN EXCHANGE MANAGEMENT:

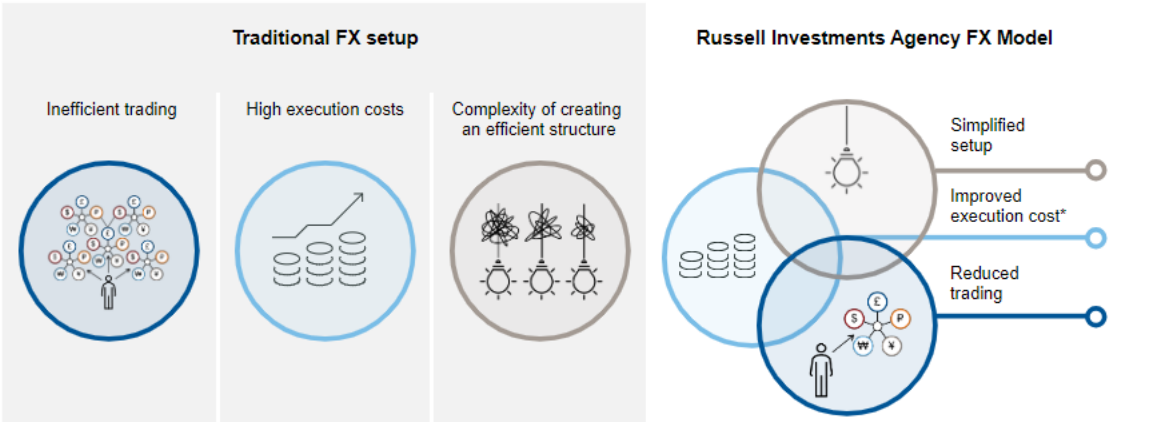
THE EVOLUTION OF NAVIGATING FX SPOT TRADING

Providing solutions to your daily challenges.

High trading volumes	Execution costs	Operational/Reporting complexities

A centralised solution tailored to your needs

We provide investment managers and asset owners with same-day FX execution, allowing all trades to be completed by a single, centralised entity, with transparent reporting on brokerage, spread and best execution. We established this simplified model to integrate directly into your investment process in three steps. 1) Communication of third-party FX provider and instruction to update trade setup (add BIC to SWIFTs) to external investment managers and custodians, 2) complete an onboarding agreement and finally, 3) a review of real time portfolio management, trade execution and operational oversight and to create cost reductions across your FX spot executions.

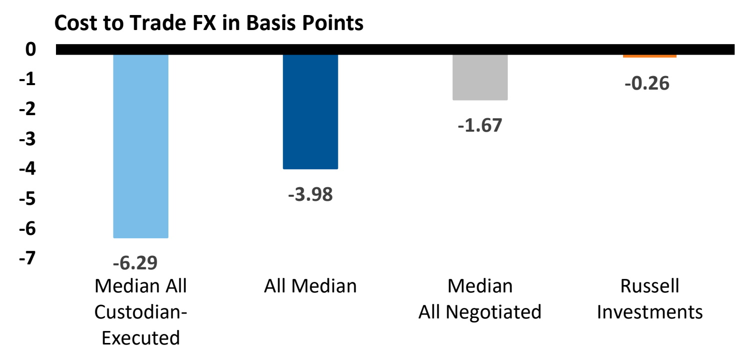


Source: Russell Investments. For illustrative purposes only. Note: FX Transparency. Spot trade costs. Costs from 2023. Total Principal Traded 2023 = $11 trillion. Past performance does not predict future returns.

Our centralised agency-trading management model seeks the best price among competing banks. It's designed to net orders among related accounts for trading - matching orders with all other FX trade-flow, minimising bid/offer spread and maximising liquidity. This can provide you with significantly reduced trading volumes, leading to price improvements that drive costs savings back to the performance of your portfolio – 5-10 basis points in typical cases. And settlement risk is reduced by continuous linked settlement – the industry programme for managing settlement risk. You can expect a reduction in operational burden and counterparty risk as well.

The power of remapping FX to save costs

FX spots can regularly be considered a back-end process, an operational task to settle physical trading activity and global execution without coordination. This can cause excess, unnetted, FX spot trading, ranging from 15-30%. That could be avoided, if centralised as part of a globally coordinated execution-management model. Russell Investments, as an agent, will act as your fiduciary. As an agent, we have no financial incentive, so our trading will pass on the best price as-is, timestamped, with full transparency on how the trade was executed. Compare that to an approach that uses custody with the principal book, where trades can lack transparency and potentially hide mark-up fees. We also work to eliminate single-counterparty-exposure risk, especially through settlement timing, which historically has shown importance through examples like Lehman Brothers. The result? Flow that is agnostic to the custodian banks used. Performance that is consistent with agency trading. And customer service that is designed to fit directly with your needs.



Past performance is not guide for future performance.

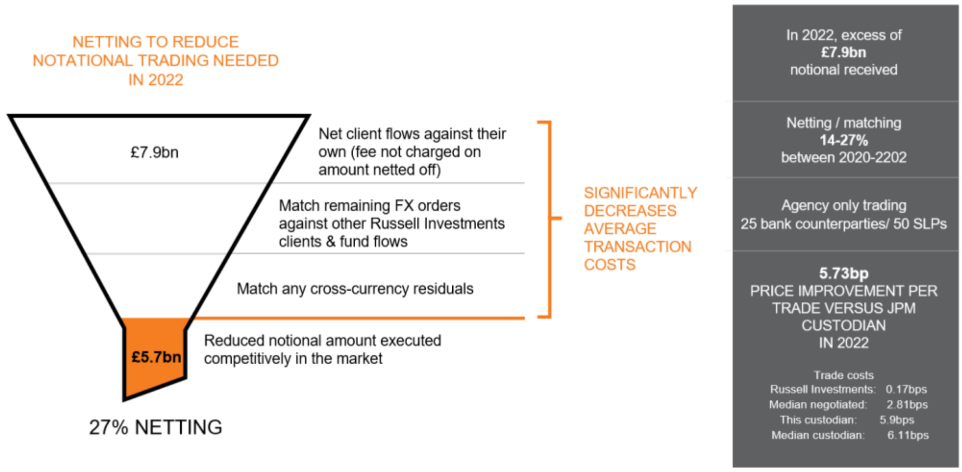
Source: FX Transparency, Median Spot trade costs. Costs from 1/1/23-12/31/23. Total Principal Traded 2023 = $11 trillion.

Cost (bp) excludes both legs of swaps and is the difference between the actual trade exchange rate achieved by Russell Investments and the midpoint of the contemporaneous market bid and offer rate volume weighted for each individual deal, expressed in basis points.

Prior years Russell Investments costs: 2022, -0.43; 2021, -0.47 bps; 2020, -0.56 bps; 2019, -0.62 bps; 2018, -0.40 bps; Analysis on total gross notional of $707bn+ traded in 2023.

Client example

For the years 2020 to 2022, we've included an analysis case-study comparison between Russell Investments and other FX trading options, including the median negotiated managers like ourselves, custodians, as well as the current custodian that specialises in FX trading. Key differences come through not only trade costs to execute FX – estimated at 5.9 bps for the custodian vs.17 bps for Russell Investments – but also taking advantage of the key opportunity to net trading activity to decrease the overall notional trades needed to fulfill the underlying FX spot needs. As shown below, in 2022, more than £7.9 billion was received for trading, but through the process of netting and matching, the actual notional amount executed was far less, at £5.7 billion.



Source: For illustrative purposes only. Client XYZ Solution ran from 5/31/2022-8/31/2022, less than one year. **FX Transparency**. Spot trade costs. Analysis from 1 January 2020-31 December 2022. Past performance is not guide for future performance. **Cost (bp)** is the difference between the actual trade exchange rate achieved by RI and the midpoint of the contemporaneous market bid and offer rate volume weighted for each individual deal, expressed in basis points. **Trading cost:** Not inclusive of Agency FX agreed upon fees in agreement.

An experienced, well-resourced team

£1.8t	**100+**	**24 hrs**	**23**	**18 yrs**
Assets traded in 2023	Tradable markets	Trading coverage, 6 days a week	Trading professionals globally	Average industry experience

Source: Russell Investments, data as at 31 December 2023.

GET IN TOUCH: Call Logan Hilkin, Director, Customised Portfolio Solutions at **+44 (0)20 7024 6156**

IMPORTANT INFORMATION

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The value of your investments may fluctuate. Past performance does not predict future returns.

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