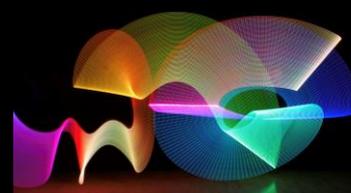


Diversity firm inclusion in trading venues



Our approach and application



Russell Investments' approach to trading...

We believe trading on an agency basis leads to better execution quality. Working as our clients' agent, we seek best execution and are positioned to take advantage of multiple execution venues around the world. Our trading desk actively executes trades using an array of global execution venues, including exchanges, electronic communication networks, multilateral trading facilities, crossing networks, alternative trading systems, banks, brokers, Minority, Woman, Veteran or Disabled owned or managed firms (MWVD) and with dealers. Our team of in-house trading professionals work with clients to develop optimal strategies for global equity, fixed income, foreign exchange and derivatives trades to ensure we meet their investment objectives. Acting as agent on behalf of our clients, we do not commit capital to facilitate trading, nor do we maintain proprietary trading accounts. Russell Investments' approach is always to remain flexible and unbiased in our use of trading relationships, trading venues and technologies, evaluating each strategy with our clients' best interests in mind.

...and how it applies to diversity firms

Russell Investments incorporates Minority, Woman, Veteran or Disabled owned or managed firms (MWVD) into our trading practices as valuable trading counterparties and sources of liquidity. Such firms often offer unique liquidity opportunities that can enhance trading outcomes. Many of our clients follow mandates for a certain level of participation with MWVD firms within the scope of their trading activities. Our marketplace observations have revealed that even when plan sponsors instruct brokers or investment advisers to involve MWVD firms, such inclusion often occurs sparingly, or not at all. The client request might be nominally complied with, but not in a manner that is either sustainable or in the spirit of best-execution practices. In many instances, firms have participated in revenue-sharing or clearing practices referred to as "step-outs," which nominally credit the firms with trades without actively involving them.

There are many MWVD firms capable of meeting our clients' best-execution mandates for ongoing trading needs. However, many firms dislike being directed to execute with unfamiliar counterparties. Additionally, there can be a misconception that

MWVD firms are inferior and cannot provide good outcomes. In some instances, counterparties aren't accustomed to dealing with each other and they are not familiar with each other's trading styles and/or operations processes. This unfamiliarity may lead to an inadvertent fail in some aspect of a transaction. In such cases, the MWVD firms are essentially set up for failure, and in the end the client receives less than best or outstanding execution.

Our trading professionals review eligible firms and evaluate each through an extensive due diligence process. Once a firm meets expectations through this process, our team carefully integrates authorised firms into live trading. Ongoing execution analyses and evaluations gauge whether each firm continues to meet our high-performance standards. Our process for involving MWVD dealing firms is no different than that for incorporating any new execution venue; the requirements are equally stringent. We continually review a number of factors including all performance, technology, operations and coverage to ensure adherence to our standards, ensuring that we meet our stated best execution obligation to our clients.

We incorporate MWVD firms as dealing counterparties and execution venues and interact with them on an ongoing basis. As a result, we are well suited to handling a wide range of

specific client requests. We include these firms in our search for liquidity when executing for clients. If we were to include MWVD firms only periodically, or only upon client request, we would not be able to maintain the level of familiarity with counterparties' approaches and/or operational infrastructures that differentiates our approach from those of other trading providers. Infrequency of interaction increases the risk of experiencing less than optimal outcomes. Our more engaged approach is the best way to assure delivery of best execution when incorporating these (or any new) trading venue into our venue line-up. By continually researching and trading with firms, we are able to integrate specific trading strengths and varying approaches into our overall trading strategy. This positions the MWVD firms for success as dealing counterparties while helping Russell Investments and our clients to achieve best execution.

We believe ongoing and consistent measurement of trading outcomes is essential to relevance and success. Importantly, the technology now used in the marketplace has created efficiencies that didn't exist historically. Our trade-execution and dealing flexibility, and our relationships with a wide range of dealers around the world, directly benefits our clients.

We integrate this venue information as we execute across the markets with various venues and dealers. For example, one venue or firm may have historically demonstrated significant liquidity in Japanese equities, while another may have historically demonstrated execution strength in U.S. small cap stocks. We continually review trading activity and the success metrics of each venue, including MWVD firms, and we continually integrate this information into our trading and execution strategies and tactics to meet our clients' needs.

Russell Investments started out as a small, family-run business. While growing, we became pioneers in the investment management industry through our funds, consulting and implementation services. We seek to develop all sources of execution liquidity, including those who qualify as MWVD firms.

About Russell Investments

Russell Investments is a global asset manager with a unique set of capabilities that we believe is essential to managing your total portfolio and to meeting your desired outcome. At Russell Investments, we stand with you, whether you're an institutional investor, a financial adviser, or an individual guided by an advisor's personalised advice. We believe the best way to reach your desired outcomes is with a multi-asset approach that combines: asset allocation, capital markets insights, factor exposures, manager research and portfolio implementation.

For more information

Call Russell Investments at **+09 357 6633** or visit russellinvestments.co.nz

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