KEEP CALM AND STAY INVESTED

3 GUIDELINES TO KEEP IN MIND IN VOLATILE MARKETS

Russell Investments

We are faced with headlines every day that inevitably cause us to think about bailing on investments. Whether it's rising interest rates, the collapse of cryptocurrencies, or geopolitical tensions, the news can be very distracting.

On days where headlines are alarming and investors like you are wondering what's happening to their savings, it's more crucial than ever to focus on the bigger picture. At Russell Investments, we believe that investors can avoid missteps that can lead to bigger shortfalls than they are already facing. Recent events have served as a reminder of this. Investing can be uncomfortable for a lot of people, but does it have to be?

It's important to remember to stick to your long-term financial plan and avoid emotional, headline-driven decisions. To help ease some of the angst, consider these three tips to help you keep things in perspective, and stay calm and invested.

1. No one (really) can time the market

Even the most sophisticated of investors will tell you that it is virtually impossible to accurately predict the market's short-term moves. In fact, mistiming can be disastrous to investment returns. In a low growth/lower return environment, what does this mean for investors saving for retirement? In today's reality, where investors are more likely than ever to face retirement income gaps, they can't afford to miss out on returns.

We believe in the power of being invested over the long-term. Not being invested (strategy #5 in Exhibit 1 on page 2), and simply leaving money in cash, yields by far the worst ending wealth of any investment option. Even investing your money on the worst days of the market (strategy #4) is still more favorable than not investing at all.

2. Nothing, especially volatility, lasts forever

There have been many times throughout history where markets have pulled back—but these relatively short periods are most often followed by the most favorable returns. Unfortunately, due to loss aversion*—one of the principles of behavioral economics—people tend to remember the bad twice as much as the good[1]. This means that despite having experienced the longest bull run in history, even a few bad days in the markets can cause investors to rethink their long-term investment strategy.

Since 1926, stocks have more often finished the calendar year in positive rather than in negative territory—in fact, 73% of the time, as evidenced in Exhibit 2 on page 3. It's extremely challenging to predict whether a calendar year return will be positive or negative.

> *"In the financial markets, hindsight is forever 20/20, but foresight is legally blind. And thus, for most investors, market timing is a practical and emotional impossibility.*
>
> Benjamin Graham, The Intelligent Investor

*Loss aversion is people's tendency to prefer avoiding losses to acquiring equivalent gains

[1] Source: Seeking Alpha: The Persistence of Aversion: Why Investor Pains Hurts Twice. https://seekingalpha.com/article/4240745-persistence-of-aversion-why-investor-pain-hurts-twice

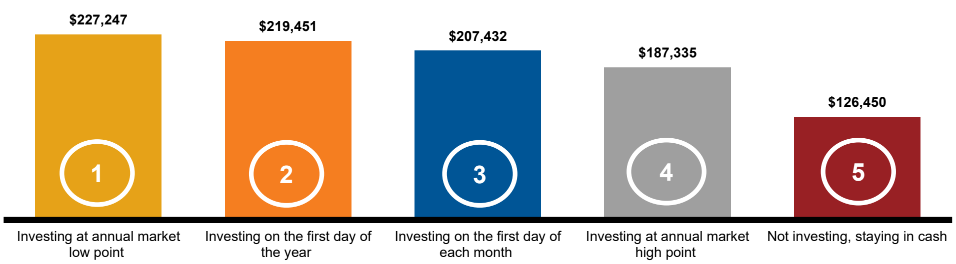
EMBRACE THE POSS/BLE™

Exhibit 1: Be invested, stay invested

Focusing on long-term outcomes

1 Perfect timing	2 First of year	3 Dollar cost averaging	4 Perfectly wrong timing	5 Holding cash, no investment
This strategy is ideal, yet implausible.	Investing your money for the most amount of time can yield the most gain in most market environments	A popular rules-based strategy. Can help investors cope with uncertain or volatile markets.	Despite bad timing, assets invested in the market may grow faster than if left in cash.	Holding cash too long can result in the least growth of wealth.

Hypothetical ending wealth after investing $12,000 per year
Period ending December 31, 2022



Note that one year represents a 12-month period ending the last day of December each year. Assumes an investment of $12,000 per year into a hypothetical S&P 500 Index portfolio with no withdrawals between December 31, 2012 and December 31, 2022.

Source: Russell Investments. Cash return based on return of $12,000 invested each year in a hypothetical portfolio of 3-month Treasury bonds represented by the FTSE Treasury Bill 3-month Index without any withdrawals between December 31, 2012 and December 31, 2022.

Source: Morningstar. Indexes are unmanaged and cannot be invested in directly. Returns represent past performance, are not a guarantee of future performance, and are not indicative of any specific investment. Hypothetical analysis provided for illustrative purposes only.

3. Diversification matters

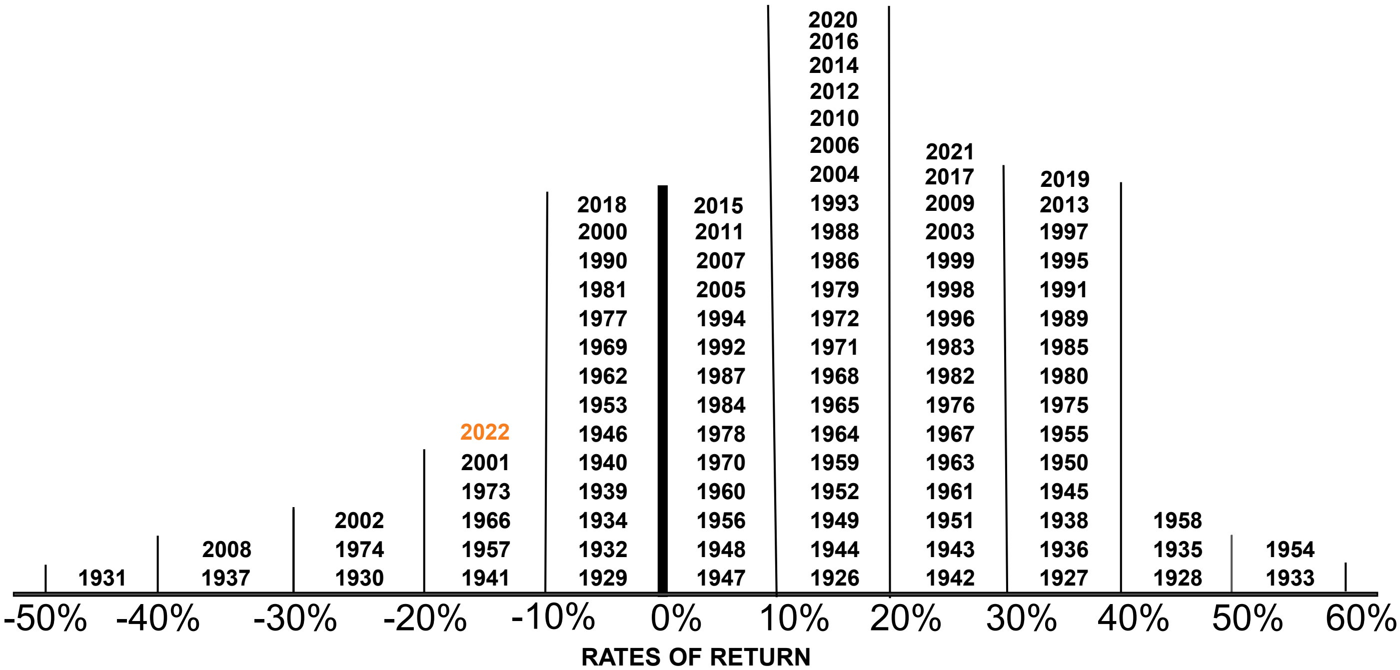
Having a robust strategic asset allocation with regular rebalancing, or investing in a professionally-managed asset allocation solution like a balanced or target date fund, can potentially enhance returns, but more importantly, manage volatility. Periods of panic provide an equally good opportunity to ensure that investors have the right attitude when it comes to risk. Asset classes change leadership regularly. Russell Investments has consistently advocated for investors to consider a global multi-asset approach to investing. We believe doing so puts investors on a smoother path toward meeting goals. Put simply, investors diversify because the future is uncertain, and no one can predict with certainty which asset class will win or lose over the upcoming cycles.

> *“The only investors who shouldn’t diversify are those who are right 100% of the time.”*
>
> John Templeton[2]

[2] Source: Financial Express: How legendary investor John Templeton learned to put his eggs in different baskets, by Sushruth Sunder. https://www.financialexpress.com/market/how-legendary-investor-john-templeton-learned-to-put-his-eggs-in-different-baskets/847894/

Exhibit 2: Historically it has paid to own stocks

Calendar year S&P 500® Index returns, 1926-2022



73% of the time, the U.S. equity market has posted calendar-year returns above zero

Represented by the S&P 500® Index from 1926-2022.

Index returns represent past performance, are not a guarantee of future performance, and are not indicative of any specific investment. Indexes are unmanaged and cannot be invested in directly.

The bottom line

While navigating uncertainty and extreme market volatility is difficult, it's important to keep the big picture in mind and stay focused on your long-term goals. Historically, over the long term, markets have been positive more often than negative, as shown in Exhibit 2 . Volatility is a reality, even in positive markets, and diversification is a tool every investor can rely upon to help withstand market corrections. Rather than reacting to volatility and trying to time short-term market gyrations, Russell Investments believes investors should base their investment strategy on personal long-term goals, time horizon, financial circumstances and risk tolerance, not on what markets are doing at a given moment. Staying invested has generally been a better option. Economic uncertainty will always be a cause for anxiety, so it's important to remember these guidelines when the markets get choppy.

About Russell Investments

For more than 50 years, we've helped guide the investments of some of the world's largest companies, foundations and pension plans. Working with your financial advisor or your plan sponsor, you can benefit from this same expertise through our multi-asset, outcome-oriented solutions that are strategically designed to address investors' wide-ranging investment needs and objectives. No matter what stage of life you are in, we believe how you invest matters. That's why we provide investment solutions that are designed with your goals in mind.

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