WHY WORK WITH A FINANCIAL ADVISOR?

Because that relationship may be one of your best investments.

VALUE OF AN

ADVISOR

2024

INTRODUCTION

What's next? That is the eternal question we can ask ourselves about life – and about the financial markets.

Without a crystal ball there is no way of knowing what may come next in either our lives or in the markets. That's why we should always be prepared for any potential situation. But we can generally assume that our lives will follow a certain pattern – we're most likely going to navigate careers, relationships, and major financial events (like having children or buying a home) until we get to an age where we then enjoy the fruits of our labors.

We can't make such assumptions about the markets, however. There are any number of unforeseen events that could jostle them. Just consider the past few years in which the markets have been buffeted by wars, a global pandemic, corporate bankruptcies, surging inflation, or the emergence of accessible artificial intelligence. We just can't predict what may be on the horizon. And in a year where more than half of the global population[1] is going to elect new leaders, the potential for volatility is significant.

That's why we at Russell Investments believe all investors should work with a financial advisor. We believe advisors are never more important than during periods of the unknown – which, frankly, is all the time! We truly can never know what may come next in our lives or the markets.

We believe that advisors play a critical role in steering investors through the various market environments they may encounter over their lives – and through the various major life events they undergo. Indeed, for more than a decade we have conducted an annual study into the variety of services that an advisor typically provides to their clients. We've also estimated the value that represents. And year over year, our Value of an Advisor study has indisputably shown that an advisor who delivers holistic wealth management services provides value that far exceeds the typical fee charged.

Our study is based on a simple formula that shows the value that advisors add by helping ordinary people gain financial security.

A + B + C + T

Active rebalancing and asset allocation

Behavioral Coaching

Customized family wealth planning

Tax-Smart planning & investing

[1] Source: https://www.economistgroup.com/group-news/the-economist/2024-will-put-a-spotlight-on-the-global-state-of-democracy-as-more-people

A IS FOR ACTIVE REBALANCING AND ASSET ALLOCATION

Rebalancing is a critical component of wealth management, but your advisor may never have discussed it with you.

Why? Well because many advisors take rebalancing for granted. It's often automated once your asset allocation is determined. Let's remember that your asset allocation was selected to fit your goals, circumstances and preferences. Rebalancing ensures that your asset allocation – or the mix of equities, fixed income, alternatives and other assets in your portfolio – remains in line with the level of risk that you feel comfortable with.

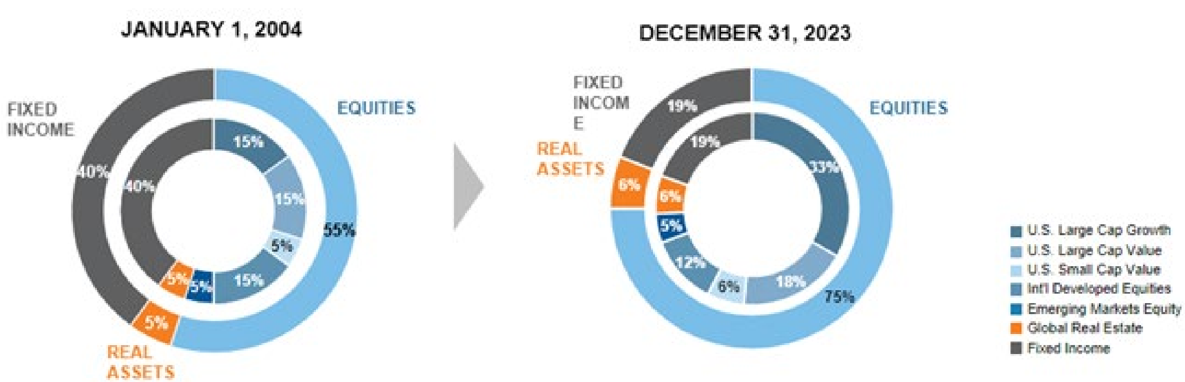
It's unlikely you would rebalance your portfolio on your own. Rebalancing is buying more of the securities in your portfolio that have fallen and selling those that have risen. In other words: selling winners and buying losers. Would you do that willingly? Probably not.

That's why we consider rebalancing a vital activity for an advisor to do. By ensuring your portfolio is regularly rebalanced, your advisor is making sure that it remains in line to the original mix of stocks, bonds, cash, and alternatives. Remember, that asset allocation was chosen to fit your risk comfort zone.

What could happen if your portfolio wasn't regularly rebalanced? Let's say you purchased a hypothetical balanced portfolio of 60% equities and 40% fixed income in January 2004 and never rebalanced. By the end of 2023 the portfolio would look very different. That original balanced portfolio would have become a growth portfolio, with approximately 81% invested in equities and only 19% in fixed income. Any downturn in equity markets would hit that lopsided portfolio particularly hard. More importantly, the allocation to U.S. large-cap growth would have more than doubled in the period. While that kind of heavy weighting in U.S. large-cap growth may have given you stellar returns over the past decade, any sudden reversal would have an outsized impact. That would not be a pleasant experience.

WHEN BALANCED BECOMES THE NEW GROWTH

The potential result of an un-rebalanced portfolio



The drift was most pronounced:	Total Equity Allocation	↑ 35%	Large Cap Growth Allocation	↑ 121%	Large Cap Value Allocation	↑ 21%	Fixed Income Allocation	↓ -51%

Hypothetical analysis provided in the chart and table above is for illustrative purposes only. Not intended to represent any actual investment.

Source: U.S. Large Cap Growth: Russell 1000 Growth; U.S. Large Cap Value: Russell 1000 Value; U.S. Small Cap: Russell 2000; International Developed: MSCI EAFE; Emerging Markets Equity: MSCI EM; Global Real Estate: FTSE NAREIT All Equity REITs Index : Fixed Income: Bloomberg U.S. Aggregate Bond.

B IS FOR BEHAVIORAL COACHING

What happens when markets get jittery. Do you get jittery too? If so, you're a normal investor. When it comes to our retirement savings, most of us prefer a smooth climb over the years.

You may be okay with a little volatility, but wild swings in the markets could prompt you to pull out your investments and lie low for a while. That would be a mistake: after all, markets have traditionally bounced back from major declines. Indeed, the S&P 500 Index has ended the year positively 74% of the time from 1926-2023.

That's why advisors who keep their clients calm – and invested - during volatile periods have value.

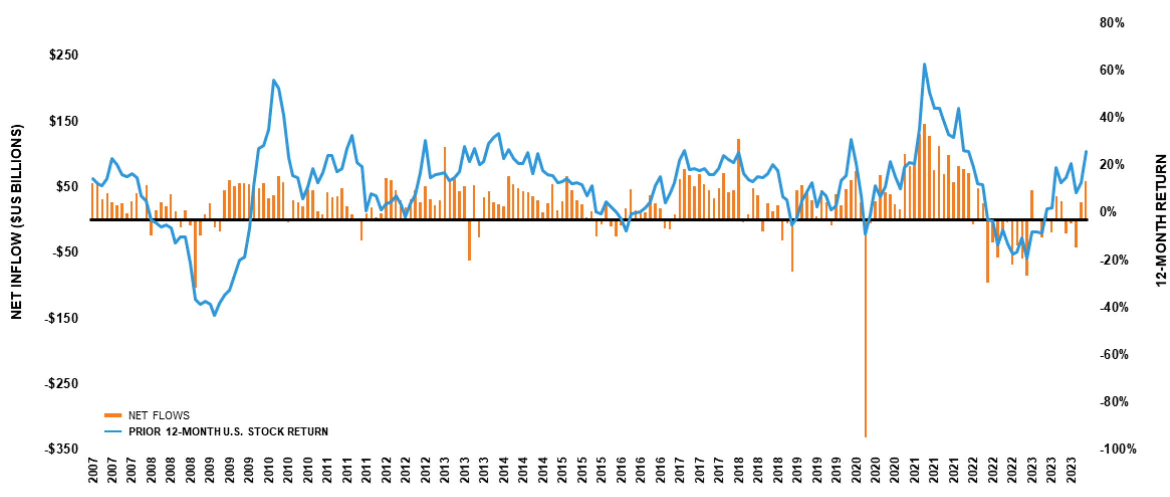
Investors who are left to their own devices are prone to chase performance. Similarly, investors are prone to vote with their feet when markets get difficult. The chart below shows the flow of money into and out of U.S. open-ended mutual funds and passive ETFs over the 16-year period ending December 2023.

The orange bars represent the net flow of cash, while the blue line represents the returns for the 12- month trailing period from the purchase date. As you can see, the flows into mutual funds and ETFs lagged the blue line both up and down. That means investors bought into the market after it had already begun to climb and sold after it had begun to fall. In other words, they bought high and sold low.

INVESTORS DON'T ALWAYS DO WHAT THEY SHOULD

Recent demonstration of a "buy high and sell low" mentality

2007 - 2023 U.S. open ended mutual fund and ETF flows vs market



Data shown is historical and not an indicator of future results. Sources: Morningstar Direct. Flows include active and passive categories; Monthly open-end mutual fund and ETF flows. Data as of December 2023. U.S. Stocks represented by Russell 3000 Index. Index performance is not indicative of the performance of any specific investment. Indexes are not managed and may not be invested in directly.

Your advisor can protect you from your natural human instinct to act contrary to your best interests in volatile markets.

C IS FOR CUSTOMIZED EXPERIENCE AND FAMILY WEALTH PLANNING

We can all agree that our society has become more complicated and so have our lives.

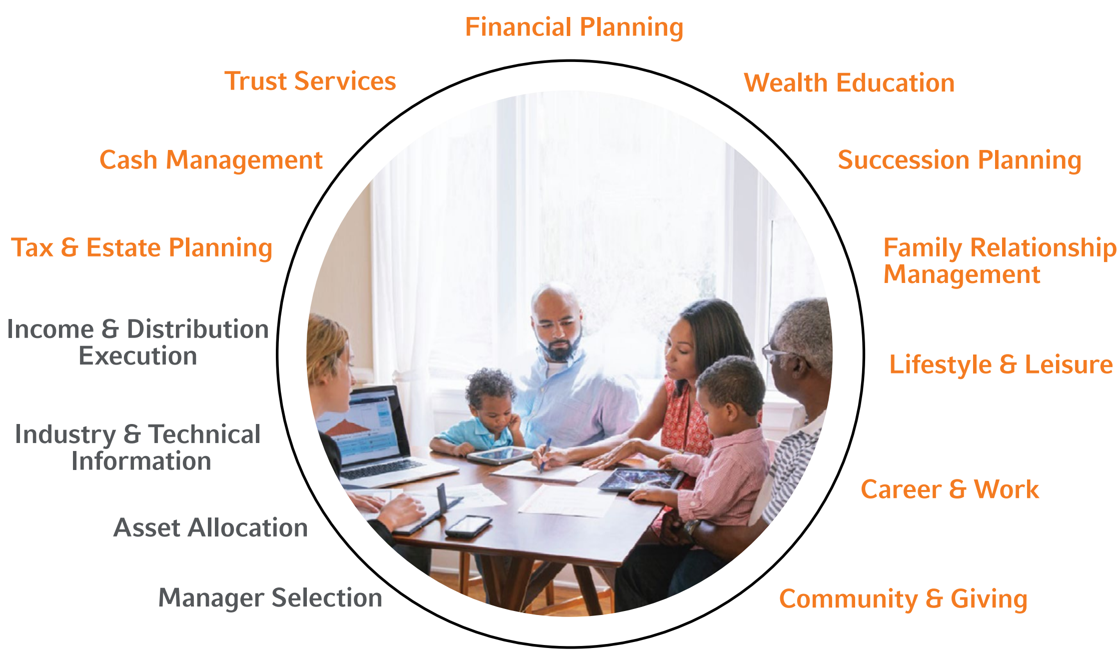
Your advisor can help you through the many events you are likely to go through over your investment journey. Indeed, many advisors now offer a multitude of services, that can cover everything from your insurance needs, your wish to leave a legacy, your charitable planning and other goals – even helping you structure your investments to reflect your value.

Often, advisors build a network of experts—estate lawyers, insurance planners, accountants, lifestyle consultants – to help you create a holistic retirement plan that considers more than just how much money you will have to spend. It can help you ensure there is an orderly transfer of wealth, and consider your family's overall financial situation.

This is more than just a basic financial plan and selecting assets for your portfolio. It's likely that you and members of your family – your spouse and perhaps your children – meet with your advisor regularly to discuss recent life changes and evolving financial goals. All of you together are helping build an investment plan that considers your family's unique goals, needs and circumstances.

The extra services and deeper discovery conversations, the expanded planning and coordinating are time-consuming. Personalized services are quite different from basic financial plans. This can represent significant value to you as it can ensure a customized financial journey.

THE WEALTH MANAGER OF THE FUTURE



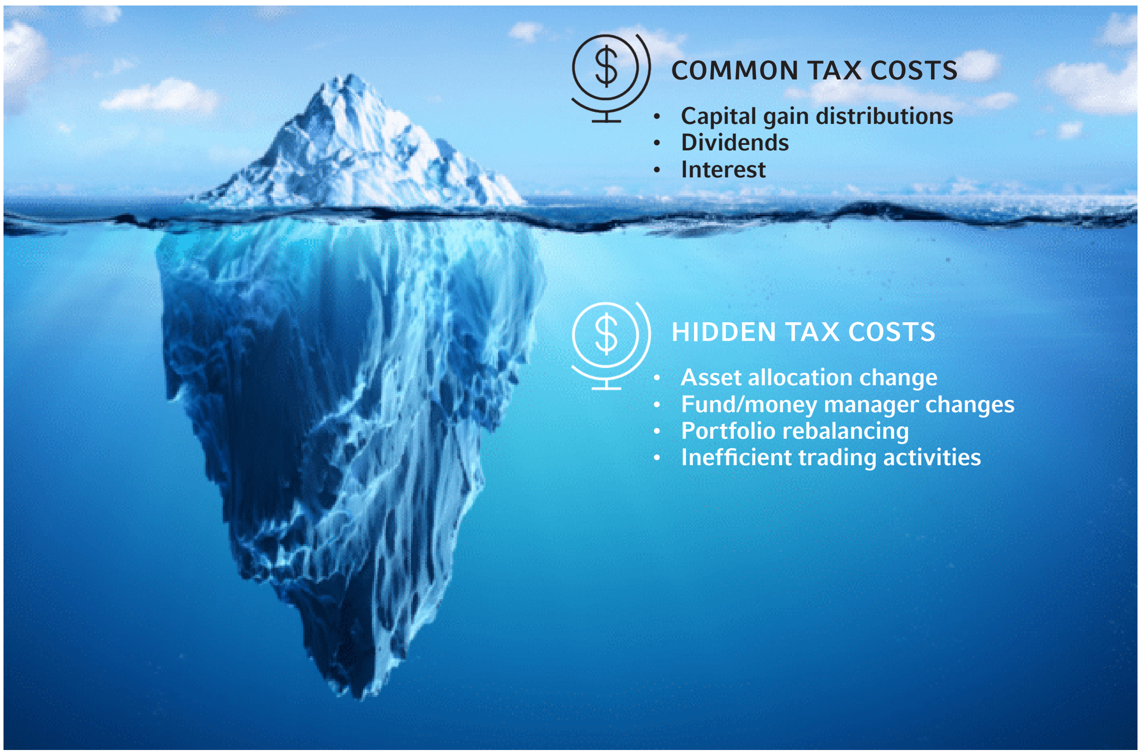
FAMILY WEALTH MANAGER

T IS FOR TAX-SMART PLANNING & INVESTING

Taxes can be complicated and confusing.

You can review your tax forms and identify how much tax you have paid on capital gain distributions, dividends, and interest payments received from your investments. But those aren't the only taxes that may impact your net returns – the money that goes into your pocket. There are also investment and implementation decisions that result in more money going into Uncle Sam's pocket. Those are difficult to see and even more difficult to understand.

Working with a tax-smart advisor, who incorporates tax management into the investment process, can help you reduce the taxes on your portfolio and add substantial value.



We call the tax costs that impact a portfolio's returns tax "drag." When your advisor considers the impact of taxes throughout the entire investing process – from initial asset allocation to management of taxable and tax-deferred portfolios, to the most tax-efficient ways to withdraw funds – they can take action to reduce that tax drag.

One of the simplest actions an advisor can take is to incorporate tax-managed funds into the investment portfolio. Tax-managed funds pay little to no distributions. That means you won't pay taxes on those distributions. Instead, that money is left in your portfolio where it has the potential to continue growing.

WHY WORK WITH A FINANCIAL ADVISOR?

Because that can be your best investment.

Wealth planning is one of the most important services an advisor can provide to you, and it requires an in-depth understanding of your entire personal and financial situation. Professional guidance to uncover and comprehend what's most important to you takes time and knowledge.

With the wealth of information available to us now, you may think you understand the markets enough to invest for yourself or that getting a financial professional to manage your assets is expensive. However, investing is challenging, and emotional responses in period of volatility can undo years of past or future success. The worth in having an advisor to filter capital market news or your own emotions can create significant value when it is needed most.

The services an advisor provides exceed simply selecting investment products for you. Investment advisors can conduct a full 360-degree spectrum of wealth planning, from investments to retirement and estate planning, for you and your family. They can also provide guidance on taxation to increase the amount of your savings that stay in your pocket and not in Uncle Sam's.

The list below shows some of the most important services an advisor can provide, all of which we believe hold value to you, the investor.

A for active rebalancing & active allocation

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B for behavior coaching

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C for customized experience and family wealth planning

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T for tax-smart planning & investing

FOR MORE INFORMATION:

Call Russell Investments at 800-787-7354
or visit russellinvestments.com.

Russell Investments

Fund objectives, risks, charges and expenses should be carefully considered before investing.

A summary prospectus, if available, or a prospectus containing this and other important information can be obtained by calling (800) 787-7354 or visiting https://russellinvestments.com. Please read a prospectus carefully before investing.

IMPORTANT INFORMATION AND DISCLOSURES

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.

Diversification and strategic asset allocation do not assure profit or protect against loss in declining markets.

The Investment Company Institute is the national trade association of U.S. investment companies, which includes mutual funds, closed-end funds, exchange-traded funds and unit investment trusts.

Bloomberg Barclays U.S. Aggregate Bond Index: An index, with income reinvested, generally representative of intermediate-term government bonds, investment grade corporate debt securities, and mortgage-backed securities (specifically: Barclays Government/Corporate Bond Index, the Asset-Backed Securities Index, and the Mortgage-Backed Securities Index).

FTSE EPRA/NAREIT Developed Index: A global market capitalization weighted index composed of listed real estate securities in the North American, European and Asian real estate markets.

MSCI Emerging Markets Index: A float-adjusted market capitalization index that consists of indices in 21 emerging economies: Brazil, Chile, China, Colombia, Czech Republic, Egypt, Hungary, India, Indonesia, Korea, Malaysia, Mexico, Morocco, Peru, Philippines, Poland, Russia, South Africa, Taiwan, Thailand, and Turkey.

The MSCI EAFE Index is an equity index which captures large- and mid-cap representation across 21 developed markets countries around the world, excluding the U.S. and Canada. With 918 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country. Countries include: Australia, Austria, Belgium, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, the Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland and the U.K.

The MSCI World ex U.S. Index tracks global stock market performance that includes developed and emerging markets but excludes the U.S.

The Russell 1000® Growth Index measures the performance of the large-cap growth segment of the U.S. equity universe. It includes those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values.

The Russell 1000® Value Index measures the performance of the large-cap value segment of the U.S. equity universe. It includes those Russell 1000 companies with lower price-to-book ratios and lower expected growth values.

The Russell 2000® Index measures the performance of the small-cap segment of the U.S. equity universe. The Russell 2000 Index is a subset of the Russell 3000® Index representing approximately 10% of the total market capitalization of that index. It includes approximately 2,000 of the smallest securities based on a combination of their market cap and current index membership.

The Russell 3000® Index measures the performance of the largest 3,000 U.S. companies representing approximately 98% of the investable U.S. equity market.

The S&P 500® Index is an index, with dividends reinvested, of 500 issues representative of leading companies in the U.S. large cap securities market.

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.

Past performance does not guarantee future performance.

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