TEN X YEARS

Russell Investments

2023 VALUE OF AN ADVISOR

YOUR VALUE IS IN THE NUMBERS

THIS MATERIAL IS FOR FINANCIAL PROFESSIONAL USE ONLY AND NOT FOR DISTRIBUTION TO CURRENT OR POTENTIAL INVESTORS.

EMBRACE THE POSS/BLE™

INTRODUCTION

This is our 10th annual Value of an Advisor study, and a lot has happened over the years.

We've gone through the market's ups and downs—including the COVID-19 shock in March 2020 which was followed by a rapid recovery, and the turbulence of 2022 as the U.S. Federal Reserve rapidly hiked interest rates to clamp down on rampant inflation.

There has been ongoing fee pressure, regulatory changes, technological innovations, important client demographic changes and more. The way we work has evolved over this time as well. We all pivoted to remote work at the height of the pandemic and we're now slowly transitioning to a new hybrid office model.

We saw Generation Z enter the workforce and Baby Boomers leave it in greater and greater numbers. We've seen huge strides by women in the workforce and they've grown to control a larger share of wealth. We've seen technology stocks dominate the financial markets, and then decline sharply. We've seen U.S. stocks outperform all other regions, and then begin to underperform. The U.S. dollar rose and fell in tandem.

It's been a tumultuous decade!

And it's certainly been challenging for investors. But no matter what our industry has faced, advisors continue to provide value to their clients. In fact, you could even say they provide greater value as their role has evolved from picking stocks and writing an investment plan to providing holistic family wealth planning.

Our formula has also evolved. We've tweaked it over the years to reflect the many changes there have been. Still, the core of our message remains the same.

Our 2023 Value of an Advisor formula is:

A + B + C + T

Active rebalancing of investment portfolios

Behavioral coaching

Customized experience & family wealth planning

Tax-smart planning & investing

In 2023, we believe the value of an advisor in the U.S. is approximately 5.12%.

10 LESSONS IN 10 YEARS

VALUE OF AN ADVISOR

Not only have we been through a lot in the past 10 years, but we've learned a lot too.

Here are the top 10 lessons we have learned over the past 10 years:

1 An advisor's role is constantly changing

In our first study, an advisor was essentially a broker—selecting investments for clients. Now, most advisors are expected to provide wealth planning for entire families. That advice can encompass everything from insurance needs, custom requests, legacy and charitable planning, and responding to questions.

2 Portfolio rebalancing is important

Active rebalancing is a vital part of the value advisors provide investors because it's designed to help them avoid unnecessary risk exposure. Many investors don't rebalance if left to their own devices.

3 Investors are ruled by their emotions

There's a reason behavioral finance has gained popularity: investors tend to buy high and sell low – unless they are guided by an advisor.

4 Everyone wants to feel special

We all enjoy getting things our way. There is a growing demand from investors for a more personalized client experience and an investment portfolio that reflects their unique goals, circumstances, and preferences.

5 Planning is an ongoing process

Planning, done correctly, is not a one-time step. Advisors are continuously adjusting plans to align with the client's changing needs.

6 Teamwork makes the dream work

As the expectation for personalized service grows amid the increasing complexities of client needs, advisors have had to build a network of experts to help create comprehensive long-term plans

7 Time is of the essence

By this we mean it is an advisor's scarcest resource. Advisors have adopted new service models to ensure their time is spent on the highest-value task: building deeper relationships with their clients.

8 Model portfolios increase efficiency

All these extra services take time and energy. As advisor roles change, the use of model portfolios is rising.

9 No one likes paying taxes

We introduced tax-smart planning & investing into our formula in 2016. Why? Because taxes can take a big bite out of a portfolio.

10 Communication is key

Unless advisors communicate the value they provide, their clients may not be fully aware of all the benefits they receive by working with a financial professional.

Russell Investments

TEN X YEARS

A IS FOR ACTIVE REBALANCING OF INVESTMENT PORTFOLIOS

IN 2023 / THE VALUE OF A IS 0.27%

In the decade since we launched this annual study, we have found that an advisor's value stems from the many roles he or she plays in an investor's life. Those roles have broadened and deepened over time, adapting along with the changes in our society and the demands from investors. Our study has evolved as well, but the fundamental concept remains the same.

We believe an advisor's services are incredibly valuable to an investor.

The fundamental and original role of a financial advisor was that of a stockbroker: selecting the assets that will comprise the investor's portfolio and the allocation of those assets. Over the past 10 years, advisors have added a multitude of services, that can now encompass everything from insurance needs and custom requests to legacy and charitable planning.

And that's why Lesson #1 is: **An advisor's role is constantly changing.**

But it's not just the initial asset allocation that's valuable, it's the ongoing monitoring and rebalancing to ensure the portfolio remains in line with the investor's risk profile.

Lesson #2 is: **Portfolio rebalancing is important.**

Actively rebalancing a portfolio can help it retain its original asset allocation—and keep the investor within their risk comfort zone.

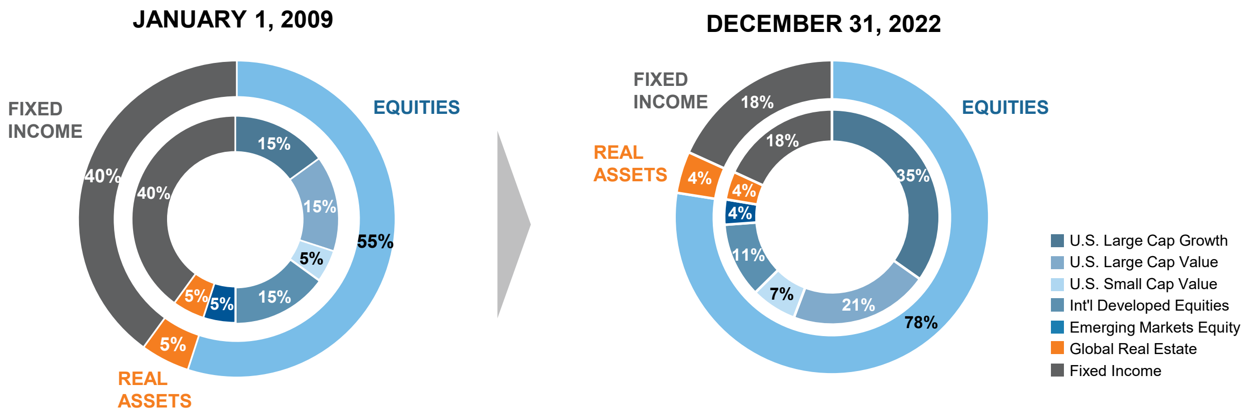
For example, if an investor had purchased a hypothetical balanced portfolio of 60% equities and 40% fixed income in January 2009 and it had not been actively rebalanced since then, by the end of 2022 the profile of the portfolio would be substantially different. That original balanced portfolio would have become a growth portfolio, with approximately 82% invested in equities and only 18% in fixed income. With that kind of imbalance, the investor could have seen a significant drawdown during the kind of equity market retreats we've seen in the past few years.

But the real risk is the huge overweight in growth stocks. From an initial 15% allocation, the weighting of U.S. large cap growth stocks in this hypothetical portfolio would have ballooned to 35%. While that would have propelled the portfolio higher for most of the decade, it was detrimental in 2022. **The Russell 1000 Growth Index lost more than 29% in the year while the Russell 1000 Value Index only lost 7.5%.**

Any 2022 review conversation with a client who had a 35% allocation to U.S. growth stocks in their portfolio and 42% higher weighting in equities than intended, would probably be quite different than your conversation with a client whose portfolio was rebalanced back to the original 60% equity/40% fixed income allocation.

WHEN BALANCED BECOMES THE NEW GROWTH

The potential result of an un-rebalanced portfolio



The drift was most pronounced:	Total U.S. Equity Allocation ↑ 42%	Large Cap Growth Allocation ↑ 133%	Large Cap Value Allocation ↑ 40%	Fixed Income Allocation ↓ -55%

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

Source for both chart & table: U.S. Large Cap Growth: Russell 1000 Growth Index, U.S. Large Cap Value: Russell 1000 Value Index, U.S. Small Cap: Russell 2000® Index, International Developed Equities: MSCI World ex USA Index, Emerging Markets Equity: MSCI Emerging Markets Index; Global Real Estate: FTSE EPRA NAREIT Developed Index, and Fixed Income: Bloomberg Barclays U.S. Aggregate Bond Index.

A IS FOR ACTIVE REBALANCING OF INVESTMENT PORTFOLIOS

The risk of such a severe imbalance in a portfolio is a great argument for actively adjusting a portfolio when there are changes in the markets, even if there may not always be a big impact on returns. The riskier the portfolio, the more likely it will be volatile, and that is often what causes investors to doubt their investment plan and pull money out of the market. If we look at a typical balanced portfolio held from the beginning of 2003 to the end of 2022, we can see that an actively rebalanced portfolio has 0.27% higher risk-adjusted return than one that was not rebalanced, while also offering a nearly 2% reduction in portfolio volatility. That's like offering clients the opportunity for a higher return and a smoother ride.

HYPOTHETICAL REBALANCING COMPARISON OF $500,000[1]

January 2003 – December 2022

		BUY AND HOLD	ACTIVE REBALANCING
	Annualized return %	7.33%	7.11%
	Standard deviation %	11.57%	9.58%
0.27%	Risk adjusted return %	4.50%	4.77%

Potential reduction in portfolio volatility

↓ 1.99%

[1]For illustrative purposes only. Not meant to represent any actual investment.

Standard deviation is a statistical measure of the degree to which an individual value in a probability distribution tends to vary from the mean of the distribution. The greater the degree of dispersion, the greater the risk.

These numbers may not seem significant. But the lower the volatility, the greater the chance investors will remain invested or at least sleep better at night.

TAKE A SHARPER LOOK AT COMMUNICATING THE VALUE OF YOUR ADVICE

Do you share with your clients a written statement on:

- ☐ The potential benefits of a systematic rebalancing policy
- ☐ What your strategic rebalancing project is
- ☐ How frequently the portfolios are rebalanced
- ☐ Your approach to strategic rebalancing during periods of market volatility

YOUR RESOURCE HUB*

[Value of an Advisor End Investor]

(Brochure, client-ready)

*Scan the code with your cell phone camera or click the link to access this resource or tool. This resource or tool may not be available at your firm. Please check with your home office for availability.

Methodology for the Rebalancing Comparison, January 2003 – December 2022 chart

Portfolio: Diversified portfolio consists of 30% U.S. large cap, 5% U.S. small cap, 15% non-U.S. developed, 5% emerging markets, 5% REITs, and 40% fixed income. Returns are based on the following indices: U.S. large cap = Russell 1000® Index; U.S. small cap = Russell 2000 Index; non-U.S. developed = MSCI EAFE Index; emerging markets = MSCI Emerging Markets Index; REITs = FTSE NAREIT All Equity REITs Index; and fixed income = Bloomberg U.S. Aggregate Bond Index.

Morningstar Risk-Adjusted Return is adjusted for risk by calculating a risk penalty for each investment's return based on "expected utility theory," a commonly used method of economic analysis. Although the math is complex, the basic concept is relatively straightforward. It assumes that investors are more concerned about a possible poor outcome than an unexpectedly good outcome; and those investors are willing to give a small portion of an investment's expected return in exchange for greater certainty.

B IS FOR BEHAVIORAL COACHING

IN 2023 / THE VALUE OF B IS 2.54%

The dilemma, however, is that many investors, seeing how U.S. growth stocks were soaring in recent years, would probably have jumped on the bandwagon. After all, as we have learned in Lesson #3: **Investors are ruled by their emotions.**

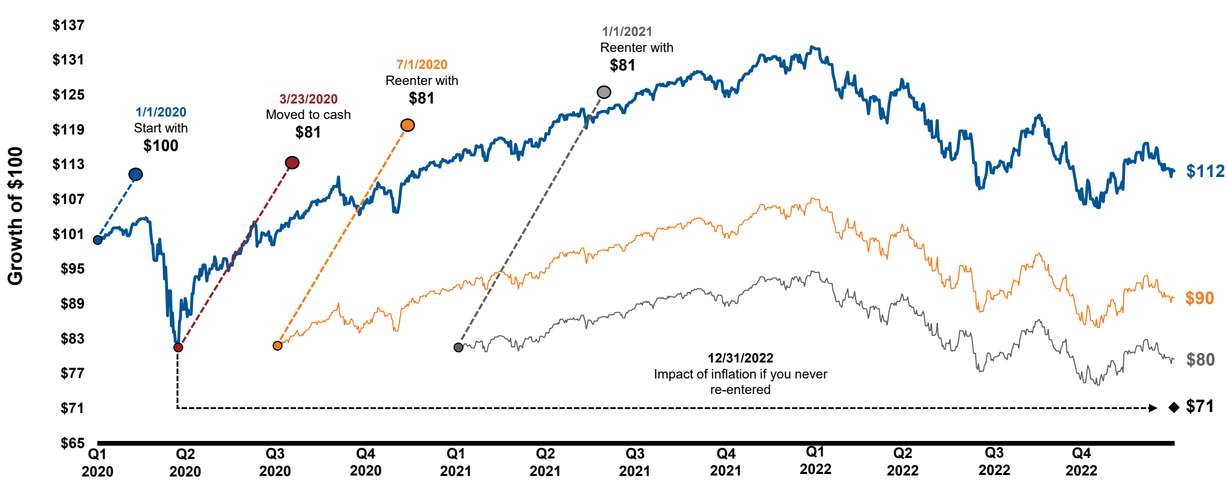
That brings us to another role that an advisor plays—a guide. Without an advisor's guidance, many investors are likely to buy high and sell low. Indeed, we saw signs of that at the start of the pandemic in 2020 when U.S. stocks fell 35% in the space of a few months, and then quickly recovered.

This is where the value from your behavioral guidance shows up on the bottom line. Let's look at three hypothetical investors' journeys from January 2020 through December 2022. This is a period that begins before the COVID-19 pandemic to the end of this year. It was a trying time to be sure, but the chart shows the importance of remaining invested through thick and thin:

- Investors who remained in the market for the entire period would have seen a $100 investment rise to $112 (**blue line** in the chart below).
- An investor who moved to cash in March 2020 and then returned to the market a few months later at the end of the second quarter, would have had only $90 by the end of 2022 (**orange line** in the chart below).
- An investor who moved to cash in March 2020 and remained in cash for the entire year, then re-entered the market at the beginning of 2021, would have had only $80 at the end of 2022 (**grey line** in the chart below).
- The chart also shows the impact of inflation, which soared in 2022. An investor who pulled out of the market when the pandemic began and remained in cash for the entire period, would have had only $71 by the end of 2022.

FEAR IMPACTS OPPORTUNITY

January 1, 2020–December 31, 2022



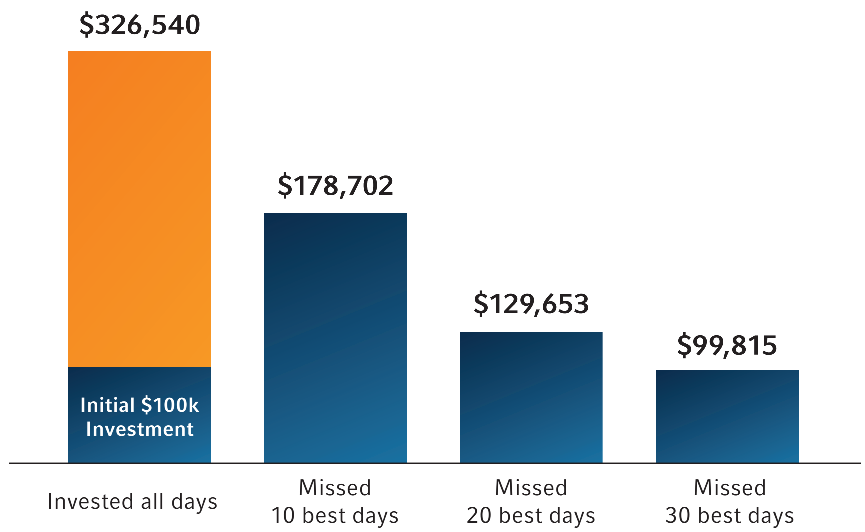
Source: Morningstar Direct and BLS.gov. Balanced Portfolio: 60% S&P 500 Index & 40% Bloomberg Aggregate Bond Index. As of Dec 31, 2022. Monthly change in CPI as of Dec 31, 2022.

As you no doubt have warned your clients: pulling out of the market when it's volatile can lock in losses and could lead to missing out on any subsequent rally. Without a crystal ball, it's hard to time the perfect point to get back into the market once you have left.

This is evident in the graph below. Missing out on even a few days of good performance can have a detrimental effect on a portfolio. While markets can be unpredictable, their long-term trend has been up. In fact, the S&P 500 Index has finished the year in positive territory 73% of the time since its inception in 1926[2].

THE INVESTMENT IMPACT OF MISSING BEST MARKET DAYS

10 years ending December 31, 2022



+6.2%	*Average return on 10 best days*
-6.2%	*Average return on 10 worst days*
+1.2%	*Average return* ***after*** *the 10 worst days*
3	*Number of 10 best days that* ***immediately*** *follow 10 worst days*

Source: Morningstar. Returns based on S&P 500 Index, for 10-year period ending December 31, 2022. For illustrative purposes only. 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.

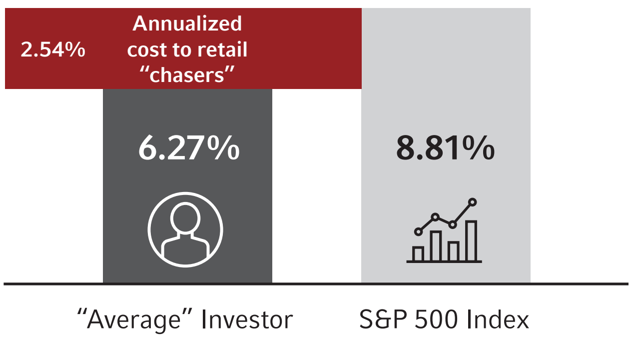
[2]Source: Russell Investments, represented by the S&P 500® Index from 1926-2021

A = 0.27% | B = 2.54% | C | T

In fact, without your guidance, investors often buy when markets are euphoric and sell when markets are bearish. When we look at the 15-year period from 2008–2022, we've found that the average investor's returns were 2.54% lower than the overall market's returns. That is the value that you can provide when you keep clients invested.

THE HIGH COST OF INVESTOR BEHAVIOR

2008 – 2022



Source: Morningstar. "Investor Return" represents the Morningstar Investor Return provided by Morningstar for the S&P 500 for 15 years ended 12/31/2022.

TAKE A SHARPER LOOK AT COMMUNICATING THE VALUE OF YOUR ADVICE

How do you proactively incorporate coaching into every client meeting?

- ☐ Do you have a framework for handling challenging client conversations?
- ☐ Do you have a repeatable process for client reviews?
- ☐ Have you developed a plan regarding client engagement when things go wrong?
- ☐ How consistent is your message and is it simple and concise?

YOUR RESOURCE HUB*

Embracing Investor Behavior
(1-pager)

Challenging Conversations Guide
(Brochure)

Keep Calm & stay Invested
(Article, client-ready)

*Scan the code with your cell phone camera or click the link to access these resources or tools. These resources or tools may not be available at your firm. Please check with your home office for availability.

C IS FOR CUSTOMIZED EXPERIENCE AND FAMILY WEALTH PLANNING

IN 2023 / THE VALUE OF C IS 1.14%

Just as you guide your clients through volatile markets, you guide them through their life changes. And that has in turn broadened and deepened the services many of you provide today. This has increased in recent years, as client expectations for service and personalization have grown.

This brings us to Lesson #4: **Everyone wants to feel special.**

Customization isn't enough anymore. Just like the barista writes your name on the coffee cup, rather than the order itself (even if it was an iced half-caff, 4-pump skinny latte), personalization is where it's at these days.

It's not just that we LIKE getting things our way. It's that we now know from our everyday life (coffee/phone/Netflix/Amazon recommendations, etc.) that it's *possible* for us to get things our way. So, we have begun to expect it in all aspects of our life—including our finances… which shouldn't be surprising, considering how personal those are!

Moreover, personalization means something different to different generations of clients. And advisors today need to contend with how to cater to the preferences and needs of each of those demographic groups. Because advisors are now often providing holistic wealth management services to clients *and* their families.

This is why the third component of our formula, "C", has evolved so much over the years. It has transformed over time to reflect the changing needs of investors.

Most people's lives invariably become more complex over time. In the accumulation phase, they may be planning a wedding, buying a home, raising children, saving for their children's educations, and establishing their careers. When they enter the preservation stage before retirement, they may need to care for elderly parents, manage their health, and structure their investments to minimize their tax burden. Then, in the distribution phase when they are no longer working, they may need to consider long-term care or creating a legacy.

This brings us to Lesson # 5: **Planning is an ongoing process—and is different across an investor's lifecycle**. Planning, done correctly, is not a one-time step. Advisors are continuously adjusting the plan to align with the client's changing needs. It's worth stating that financial advisors add considerable value by doing the hard work of shepherding a strategy from origination to outcome. That means plan reviews, analyzing savings and investments, looking at student loans and stock options, considering employee benefits, 401ks, college funding and tax and estate planning. Depending on an individual's personal circumstances, preferences and considerations, there can be a broad mix of complex factors that require expert knowledge and advice to evaluate the choices and trade-offs at play.

That's why many advisors have built a network of experts—estate lawyers, insurance planners, accountants, lifestyle consultants – to assist in creating plans that encompass all aspects of an investor's life.

This brings us to Lesson # 6: **Teamwork makes the dream work.**

With increased expectations of personalization and the growing complexity of our client lives, no one advisor can have the broad expertise, experience, and knowledge to address all client needs and priorities today. Rather than the investor seeking out various experts to assist in planning various aspects of their financial lives, the advisor serves as a guide to the entire process. This can help ensure consistency and coordination in planning. The advisor who has a deep understanding of an investor's individual situation and what they are trying to achieve can spearhead the holistic wealth planning process—saving time and effort. In today's time-crunched world, that has value.

Additionally, advisors are increasingly holding discussions with an investor's entire family. Research suggests that nearly 70% of investible assets will be in the hands of the next generation by the start of the next decade[3]. And to ensure they can keep that next generation as a client, many advisors are engaging both spouses in the planning. Studies have found that most widows choose to switch financial advisors within a year of losing their husband[4]—unless they already have a good relationship with that advisor. And it is quite likely that the children will do the same.

So how much is all that planning and expertise worth? Well, let's go back to the original role of a financial advisor—selecting investments and developing a financial plan. Robo-advisors on average now charge 0.36% for basic asset selection for a $500,000 account[5].

Meanwhile, the average advisory fee is approximately 1.05% of assets under management.[6]
The average fee for providing comprehensive family wealth planning is 1.50% of assets under management.[7]

DELIVERING TRUE WEALTH MANAGEMENT IS VALUABLE

[3]Source: https://info.cerulli.com/HNW-Transfer-of-Wealth-Cerulli.html

[4]Source: https://www.mckinsey.com/industries/financial-services/our-insights/women-as-the-next-wave-of-growth-in-us-wealth-management

[5]Source: Based on average of the fees charged for a $500,000 account by the 18 roboadvisors referenced in https://www.robo-advisorfinder.com/list

[6]Average Financial Advisor Fees in 2021 (AdvisorHQ) (Dec 2021)

[7]Average Financial Advisor Fees in 2021 (AdvisorHQ) (Dec 2021)

A = 0.27%	B = 2.54%	C = 1.14%	T

This means that the work you do to guide your clients through the defining moments of their lives, to ensure their investments align with their goals, to provide expertise on taxes, insurance, careers and major purchases, to plan their retirement, long-term care needs, and legacy—among myriad other services—has value. We believe it can be worth 1.14% more in value over and above the basic asset management that an investor can get from a robo-advisor.

All these extra services take time and energy. How can advisors provide the best experience possible and determine the best combination of products in the time they have available?

That brings us to Lesson # 7: **Time is of the essence.**

By this we mean time is an advisor's scarcest resource. The extra services and deeper discovery conversations, the expanded planning and coordinating are time-consuming. Personalized services are quite different from basic financial plans.

Think about how you spend that valuable time on your clients. Are you focusing your servicing and relationship efforts on your largest clients? Do you have the objectivity to think about low-value activities you could stop doing today, to focus more time on those clients who may be generating most of your revenue? Segmentation is another way that advisors are now serving their clients—ensuring their biggest clients receive premium services.

This is how we discovered Lesson 8: **Model portfolios increase efficiency.**

We believe leveraging model portfolio options provides increased choice and greater flexibility. They allow you to focus more on what your clients value most—the relationship. The time you would have spent researching stocks, meeting portfolio managers and analysts, tracking those stocks, documenting trades and conducting ongoing research is now available for you to spend with your top clients—giving them the personalized experience they crave. This is where the use of models can really help you free up time, while still ensuring each of your clients gets the personalized client experience they value.

TAKE A SHARPER LOOK AT COMMUNICATING THE VALUE OF YOUR ADVICE

How do you customize the client experience you deliver?

- ☐ Do you have a repeatable discovery process?
- ☐ Do you have a written defined service model that you share with clients, based on your segmentation strategy?
- ☐ Can you articulate your Unique Value Proposition and the services you provide?
- ☐ Are you providing comprehensive Family Wealth Planning to your best clients?
- ☐ Do you provide clients with a roadmap of how you will work with them to address their specific needs?

YOUR RESOURCE HUB*

Client Discovery Process
(1-pager)

Client Engagement Roadmap
(Template)

*Scan the code with your cell phone camera or click the link to access these resources or tools. These resources or tools may not be available at your firm. Please check with your home office for availability.

T IS FOR TAX-SMART PLANNING AND INVESTING

IN 2023 / THE VALUE OF T IS 1.17%

Lesson #9 is one we all inherently know: **No one likes paying taxes.**

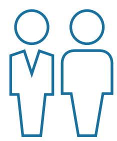
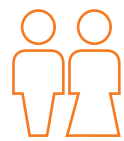
Without proper tax management, many investors pay more taxes than they need to every April. There is a myriad of taxes that can be triggered by our investments: taxes on dividends, on capital gains, or sale of shares, for example. Tax-aware advisors who structure a portfolio and choose solutions that help minimize investments taxes can provide significant value.

For example, based on the average 7% capital gain distribution reported in 2022, an investor with a portfolio worth $500,000 at the end of 2022 would receive a Form 1099-DIV with $35,000 in capital gains distributions, assuming a 20% tax rate (the top long-term capital gains tax rate at the federal level excluding the 3.8% net investment income tax surcharge). That translates into a tax bill of $7,000.

By comparison, an investor with a similar portfolio but who holds tax-managed mutual funds, could have entirely skirted capital gains distributions in 2022.

THE POWER OF TAXES

How much are yearly capital gain taxes costing your clients?

	Average Joe & Joan Traditional Taxpayer	Uncle Sam & Aunt Betsy Tax-Aware Taxpayer
Year End Balance	**$500,000**	**$500,000**
Capital Gain Distribution	7.0%**	0.0%
1099	$35,000	$0
Assumed Tax Rate*	20%	20%
TAX DUE	**$7,000**	**$0**

A Hypothetical Illustration

*20%: Represents top long term cap gains rate, excluding 3.8% Net Investment Income Tax

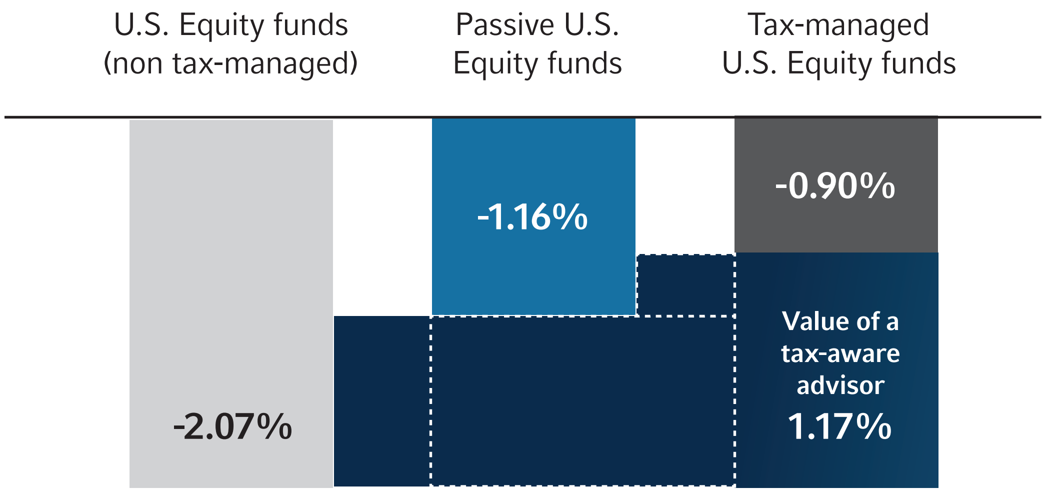
**7%: Represents 2022 average capital gain distribution % of Morningstar broad category 'US Equity' which includes mutual funds and ETFs.

A = 0.27%	B = 2.54%	C = 1.14%	T = 1.17%

Additionally, our research shows that investors lost an average of 2.07% of their return from non-tax-managed U.S. equity products in each of the five years ending December 31, 2022. But an investor who invested in tax-managed U.S. equity funds would have given up only 0.90%. That's a 1.17% difference in tax drag.

DIALING DOWN THE TAX DRAG

Average annual tax drag (return lost to the taxpayer) for 5 years ending December 2022



Tax-managed: funds identified by Morningstar to be tax-managed.

Universe averages*: Created table of all U.S. equity mutual funds and ETF's as reported by Morningstar. Calculated arithmetic average for pre-tax, post-tax return for all shares classes as listed by Morningstar.

Morningstar Categories included: U.S. ETF Large Blend, U.S. ETF Large Growth, U.S. ETF Large Value, U.S. ETF Mid-Cap Blend, U.S. ETF Mid-Cap Growth, U.S. ETF Mid-Cap Value, U.S. ETF Small Blend, U.S. ETF Small Growth, U.S. ETF Small Value, U.S. OE Large Blend, U.S. OE Large Growth, U.S. OE Large Value, U.S. OE Mid-Cap Blend, U.S. OE Mid-Cap Growth, U.S. OE Mid-Cap Value, U.S. OE Small Blend, U.S. OE Small Growth, U.S. OE Small Value.

*Methodology for Universe Construction on Tax Drag chart: From Morningstar, extract U.S. equity and fixed income mutual fund and ETF's for reported period. Averages calculated on a given category. For example, average after-tax return for the large cap category reflects a simple arithmetic average of the returns for all funds that were assigned to the large cap category as of the end date run. For funds with multiple share classes, each share class is counted as a separate "fund" for the purpose of creating category averages. Morningstar category averages include every type of share class available in Morningstar's database. Large Cap/Small Cap/Municipal Bond determines based upon Morningstar Category. If fund is indicated Morningstar as passive or an ETF, the fund is considered to be passively managed. Otherwise, the fund is considered to be actively managed. Tax Drag: Pre-tax return Less After-Tax Return (pre-liquidation).

A = 0.27%	B = 2.54%	C = 1.14%	T = 1.17%

An active tax-managed investing approach has the potential to lead to a much better after-tax outcome. Tax drag is not only a burden that weighs on returns over time, but also an indicator that portfolios are not deploying proper strategies. A tax-aware advisor can both identify the problem as well as the solution.

Using a tax-managed approach can provide significant value to your clients and help you stand out from your peers. Do the research to make sure you understand the process, the people and investment approach that can help you improve your clients' after-tax returns. We believe that has the potential to significantly enhance the value you provide your clients.

TAKE A SHARPER LOOK AT COMMUNICATING THE VALUE OF YOUR ADVICE

Understanding your client's tax-sensitivity level
Do you...

- ☐ ...**KNOW** each client's marginal tax rate?
- ☐ ...**PROVIDE** intentionally different investment solutions for taxable and non-taxable assets?
- ☐ ...**EXPLAIN** to clients the potential benefits of managing taxes?
- ☐ ...**HAVE** a process for partnering with local CPAs?
- ☐ ...**REVIEW** your client's 1099 or 1040?

YOUR RESOURCE HUB*

Top resources & action items for adding after-tax value all year long:

Every season is tax season

(Webpage)

Winter (Prepare for tax day)

Spring (Assess tax impact)

Summer (Grow your business)

Fall (Review distributions)

*Scan the code with your cell phone camera or click the link to access these resources or tools. These resources or tools may not be available at your firm. Please check with your home office for availability.

COMMUNICATE YOUR VALUE

While all the services listed above are important, they won't be appreciated by your clients unless they know about them.

Lesson #10: **Communication is key.**

Just think about the changes we've seen over the past decade: the market's ups and downs, a global pandemic, soaring inflation, ongoing fee pressure, regulatory changes, tech innovations, and changes to the way your clients live and work. Many may have re-evaluated their priorities in the wake of the pandemic. All of this means that advisors will need to continue innovating and evolving to remain competitive and at the top of their game.

In a world where personalization of service and product is paramount, communication will be an imperative. A recent study noted that investors appreciated the personal touch and would be far more likely to refer an advisor to family and friends if they felt the advisor provided regular and valuable information[8].

One of the best ways to communicate with your clients is through a discovery process centered around trust, communication, prioritization and dealing with critical life components such as: family and relationships, health and wellness, career and work, lifestyle and leisure, and community and giving. It's a basic framework for our lives and the holistic wealth management ecosystem.

One of the most valuable services you provide your clients is to be their accountability partner and keep them on track during all the phases of their lives and of the markets. Discovering what's important to them isn't a one-time occurrence. Discovery is a fluid process that takes time and ongoing coordination to accomplish. When you guide the process and integrate your client's priorities into the plan then you are taking what you learned through communicating with your clients and executing upon those priorities. That has value.

Our simple, easy-to-follow formula can help you articulate and demonstrate that value to your clients.

A is for active rebalancing of investment portfolios: **0.27%**

\+

B is for behavioral coaching: **2.54%**

\+

C is for customized experience and family wealth planning: **1.14%**

\+

T is for tax-smart planning & investing: **1.17%**

= **5.12%** is the potential value of your advice in 2023

[8]Source: Based on responses of individuals who currently invest >$500k in AUM with financial advisors and wealth managers surveyed in "How can advisors better communicate with their clients", December 2019 by YCharts. Total sample size represented 650 individuals across the U.S. https://go.ycharts.com/hubfs/YCharts_Client_Communications_Survey.pdf, Accessed Feb 3, 2021.

FOCUS ON THE VALUE YOU PROVIDE

Much of the work an advisor does is complex and happens behind the scenes, making it more difficult for clients to appreciate. Our Value of an Advisor study is designed to help you bring the results of that work to the forefront so you can demonstrate the full value of the services you provide to your clients.

At Russell Investments, we believe in the value of advisors. Our annual study confirms that belief. We see the potential advantages you create for your clients. We know the commitment you bring to your relationships. Our decade of producing the annual Value of an Advisor Study quantifies that dedication and the potential resulting benefit.

REACH OUT TO LEARN MORE

Russell Investments provides diversified investment solutions designed with advisors and their clients in mind. We also provide business solutions tailored to meet advisors and their teams where they are and help them take a data-driven approach to growing to their full potential.

Contact your Russell Investments team or visit **russellinvestments.com**.

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FOR MORE INFORMATION:

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

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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 RISK 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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