VALUE OF AN ADVISOR

2025 / 12th EDITION

Russell Investments

Your value is in the numbers

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

Invest without boundaries™

4.87%

The value of expert guidance

Russell Investments believes investors benefit greatly from the expert guidance that an advisor provides on their investing journey.

We also believe that guidance has value. Webster defines value as something that has relative worth, utility or importance, a quality or principle that is desirable, or a numerical quantity determined through calculation.

The services an advisor provides reflect all three of the definitions above. Our annual Value of an Advisor study looks at some of the most common: the appropriate asset allocation for a client's risk tolerance and financial goals, preventing the behavioral mistakes that investors tend to make, customized wealth planning for their clients and their clients' families, and tax-smart planning to help their clients retain more of their wealth to have the potential to keep on growing.

Indeed, our study consistently finds that the value advisors deliver to their clients materially exceeds the 1% fee they typically charge for their services.

In 2025, we believe the value of an advisor in the U.S. is approximately **4.87%**.

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

The ABCs of advisor value

How did we get to that number? We use a **tried-and-true formula** designed to categorize the areas of value creation in a repeatable, memorable way:

A + **B** + **C** + **T** ≈ **VALUE**

Asset allocation

Behavioral coaching

Customized family wealth planning

Tax-smart planning & investing

Investors who work with advisors likely benefited from their guidance in 2024, a year of significant change and changing fortunes. The U.S. economic outlook was uncertain as inflation slowed but activity was robust, presenting a dilemma for the U.S. Federal Reserve. There was ongoing geopolitical upheaval in various global hotspots. There were elections in Japan, the U.K, France, and Mexico as well as in the U.S., where the new administration promised a major overhaul of legislation, the budget process and government structure. While financial markets surged higher, market leadership began changing, with large-cap growth stocks ceding ground to smaller value names.

It was the type of environment in which few investors—whether they are aiming to accumulate, spend or preserve their wealth—could afford to forgo potential sources of return. And that's where we believe advisors are essential.

Let's take an in-depth look at each of the key services advisors provide and the value that they can represent for investors.

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

A is for Asset allocation

In 2025

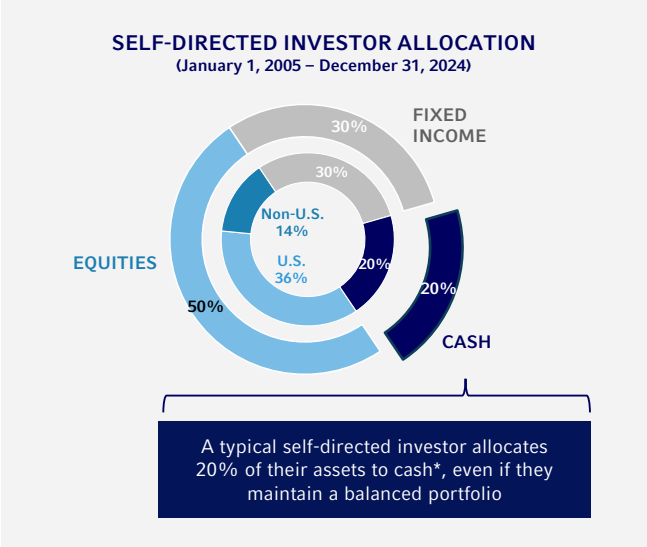
The value of A is 0.30%

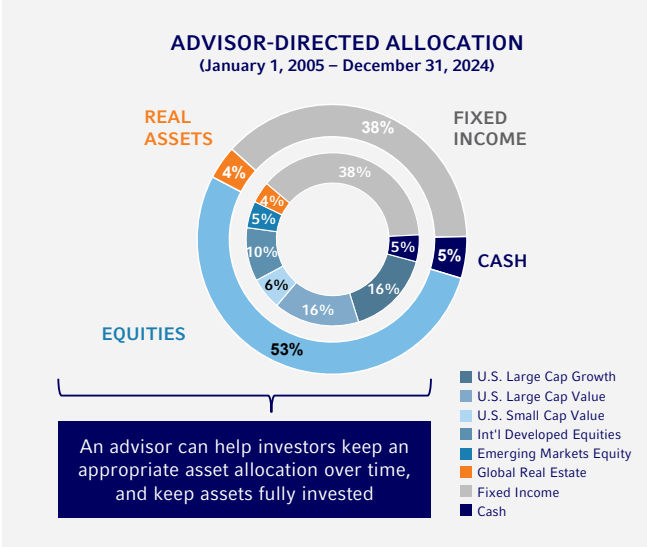
We are all most comfortable with things that are familiar to us. This is why we generally choose the same brands when we shop or have our own sense of what we consider "comfort food".

It's not much different when it comes to investing. Left on their own, investors will opt for the most "comfortable" allocation – choosing mainly the familiarity of large-cap U.S. equities and U.S. bonds, and keeping a fairly substantial proportion of their portfolio in cash. Many self-directed investors who don't follow the guidance of an advisor will play it safe. They are likely to keep more money in cash for many reasons: they may want the flexibility to liquidate easily, they like seeing a number in their portfolio that remains stable, or they may not know what else to do with it.

According to the American Association of Individual Investors, a self-directed investor is likely to keep about 20% of a balanced portfolio in cash. But you as an advisor know that while a small percentage of cash in a portfolio makes sense, that large of a cash allocation may become a drag on performance over time. And as an advisor who is committed to seeking strong returns while carefully managing risk, you likely look beyond U.S. large-cap growth stocks: incorporating value opportunities, international and emerging markets equities and perhaps even a small exposure to real assets.

The chart below shows the difference between the asset allocation an individual investor is likely to choose compared to a diversified portfolio that a seasoned advisor might design for a client. For the advisor-directed allocation, we used a typical 60% equities/40% fixed income allocation from a Russell Investments model portfolio.





For illustrative purposes only. Not intended to represent any actual investment. See Appendix for details on methodology. *Cash assumptions based on https://www.aaii.com/assetallocationsurvey average cash allocation over the last 20 years. Portfolios rebalanced annually. Self-directed investor allocation: 36% Russell 3000;14% MSCI ACWI ex USA; 30% Bloomberg US Aggregate Bond Index; 20% FTSE Treasury Bill 3 Month. Advisor-Directed allocation: 16% Russell 1000 Growth, 16% Russell 1000 Value, 6% Russell 2000, 10% MSCI EAFE, 5% MSCI Emerging Markets, 4% FTSE Nareit Equity REIT, 38% Bloomberg US Aggregate Bond TR, 5% FTSE Treasury Bill 3 Month.

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

While an individual investor may feel more comfortable keeping a big chunk of their money in cash and familiar household names, that may not be the best way for them to reach their financial goals. This is the value that an advisor provides their clients: you know that being more fully invested gives them a greater likelihood of reaching their goals and diversification can help smooth out their returns. This could provide a different type of comfort, one that may help your clients sleep better at night.

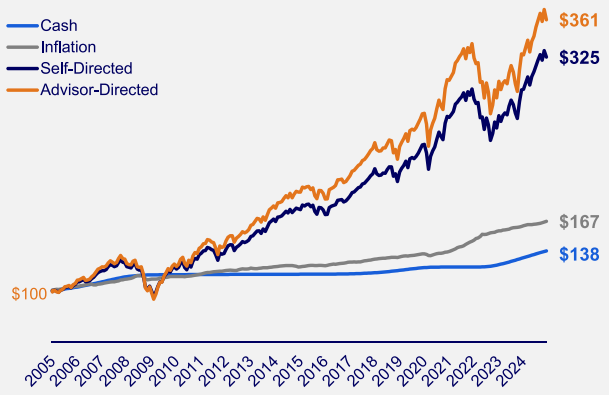
The next chart shows the difference in returns between a self-directed portfolio and an advisor-directed one. Over a 20-year period, the advisor-directed portfolio delivered better absolute returns. But it's not just the final number that matters – it's the way you get there. That's why we incorporate standard deviation into our calculation to arrive at the risk-adjusted return. Your clients have to be comfortable with the amount of risk they've taken in order to remain invested. And as we can see, on a risk-adjusted basis, an advisor-directed portfolio can provide a higher return than what an individual investor typically obtains on their own – and with an appropriate level of risk.

Advisors can help their clients understand the importance of holding a diversified asset mix to fully capture market opportunities that align with their risk tolerance and financial goals. We've also included the growth of inflation and cash in the chart to demonstrate how reducing the amount of cash held will allow the portfolio to generate higher returns and mitigate the eroding effects that inflation has on purchasing power.

JANUARY 1, 2005 – DECEMBER 31, 2024

	Self-Directed	Advisor-Directed
Annualized return %	6.14	6.72
Standard deviation %	7.98	9.39
Risk-adjusted return %	3.72%	4.02%
TOTAL VALUE		0.30%

TWENTY YEAR GROWTH OF WEALTH[1]
January 1, 2005 – December 31, 2024



[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.
Risk-adjusted return measures the riskless rate of return that provides the same level of utility to the investor as the variable excess returns of a risky portfolio.
Source: Morningstar, U.S. Bureau of Labor Statistics via FRED®. Cash = FTSE Treasury Bill 3 Month ; Inflation = U.S. Bureau of Labor Statistics Consumer Price Index

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

Chart a clearer path showing the value of your advice

Do you share with your clients:

- ☐ The importance of diversification and asset allocation
- ☐ How your asset allocation strategy is tailored to match each client's risk tolerance
- ☐ Your strategic approach to putting your clients' assets to work while keeping an appropriate amount of cash on the sidelines

Your resource hub

Value of an Advisor
brochure for your clients

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

B is for Behavioral coaching

In 2025

The value of B is 2.47%

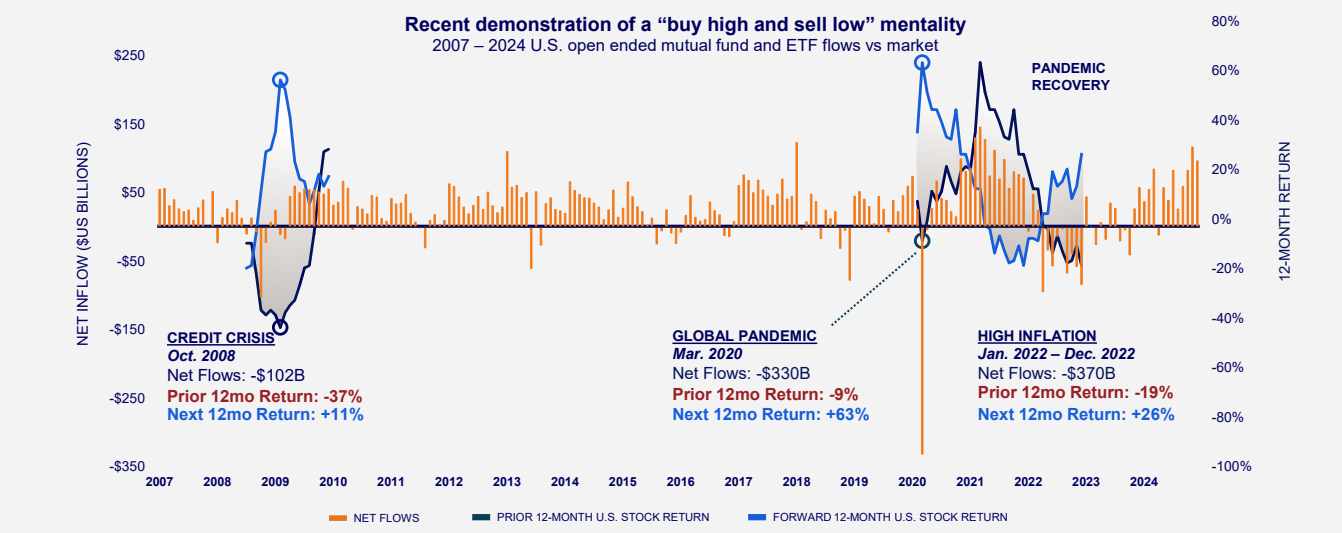
As humans we are ruled by our feelings. No matter how much you prepare clients for market volatility, it typically comes as a surprise and sparks a roller coaster of emotions. No one likes to feel they are losing money and when they see their investments decline, many investors may want to bail on the markets altogether. Some may remember how they felt in previous bouts of volatility and don't want to go through that again. Others may have a short horizon to retirement and fear not being able to make up any potential shortfall.

Staying the course in volatile times is difficult for investors. This is why, year after year, an advisor's role as a *behavior* coach represents the biggest value contribution to our equation.

Major bouts of volatility tend to unsettle many investors. Without an advisor like you as their guide, they may have exited the market at exactly the wrong moment – succumbing to the market cycle of emotions.

As the chart demonstrates, some investors rely on backward-looking information to make forward-looking decisions. Let's use the March 2020 pandemic outbreak as an example. Investors pulled $330 billion out of the market. They had already felt some pain at that point as they had lost 9% in the prior 12 months. But those investors who left then missed out on the subsequent 12-month return of 63%. Even if they had decided to reinvest at some point they wouldn't have captured the entire upside. Timing the market is very difficult to do.

Investors don't always do what they should



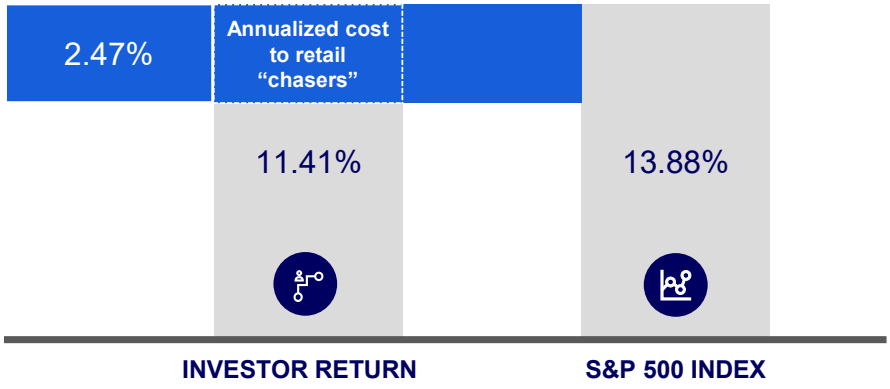
Data shown is historical and not an indicator of future results. Sources: Morningstar Direct. Flows include active and passive categories; Monthly open-end mutual fund and ETF flows. Data as of December 2024. U.S. Stocks represented by Russell 3000 Index. Index performance is not indicative of the performance of any specific investment. Indexes are not managed and may not be invested in directly.

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

Generally, just remaining in the market through thick and thin is the better option. A thoughtful advisor can soothe an investor's fears, keep them from acting on their emotional response to volatility, and help them capture all of the potential gains. The pattern is the same in each of the major market events illustrated above: the market falls in response to a crisis and investors pull out funds. Then the markets begin to recover, and investors return, only to miss out on most of the recovery. The orange bars show that the flow of funds generally lag the market.

In fact, investors who try to "time" the markets invariably end up with a lower overall return than investors who remain invested, through the guidance and behavioral coaching of their financial advisor. We believe that investors who work with an advisor are more likely to weather the market's turbulence.

THE HIGH COST OF INVESTOR BEHAVIOR
2010-2024



Source: Morningstar. "Investor Return" represents the Morningstar Investor Return provided by Morningstar for the Large Blend Category Average for 15 years ended December 31, 2024.

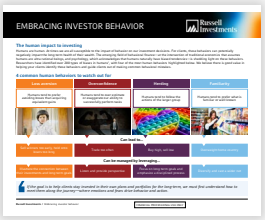
THIS MATERIAL IS FOR FINANCIAL PROFESSIONAL USE ONLY AND NOT FOR DISTRIBUTION TO CURRENT OR POTENTIAL INVESTORS

Chart a clearer path showing 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)

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

C is for Customized family wealth planning

In 2025

The value of C is 1.13%

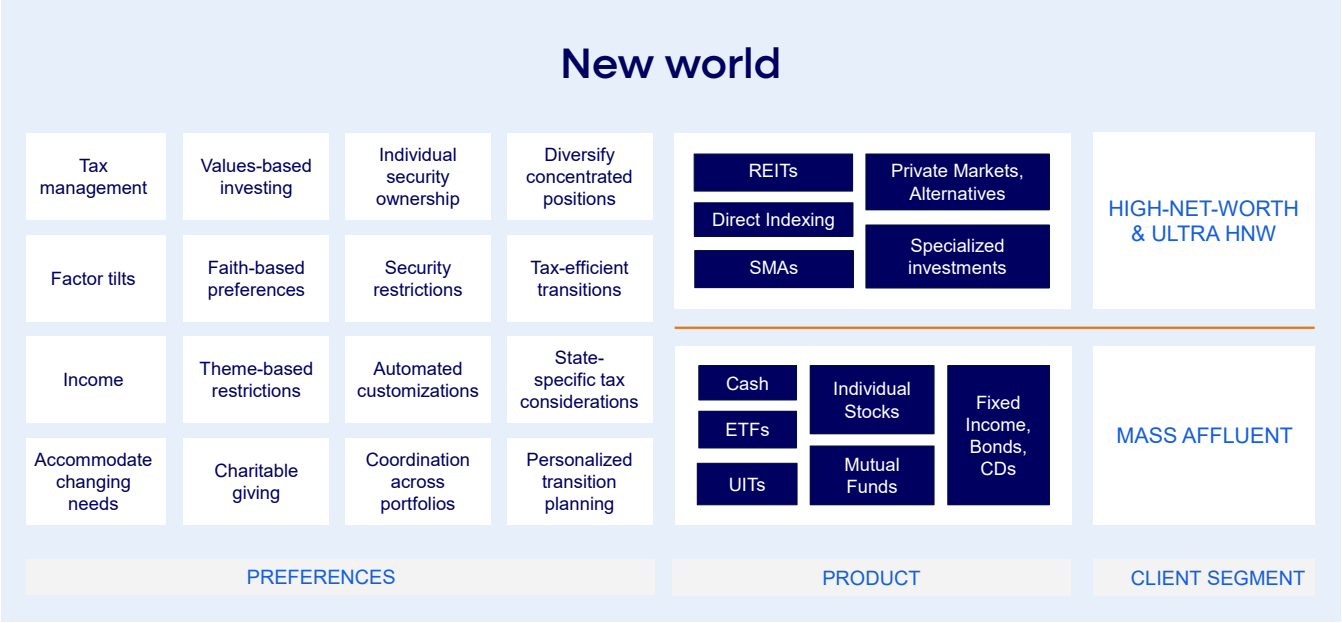
The role of an advisor has evolved significantly over the years. It has expanded well past curating and selecting investments for clients. That duty can be easily filled by a robo-advisor or the like.

Advisors now juggle a myriad of activities, such as managing a client's investment portfolio to align with their lifestyle, their life decisions and their family situation. Investments are chosen and structured to work towards a client's financial goals plus those of the next decision-makers in the family and potentially future generations.

Moreover, advisors are now attempting to incorporate a client's preferences and their circumstances into all aspects of their investment journey. Customization is a huge trend in modern life: from coffee shops to streaming services, clients no longer want a cookie-cutter approach.

This is clear in the growing demand from investors for a more personalized client experience and an investment portfolio that reflects their unique needs, circumstances, and goals. Your clients want to feel confident that you see them as unique individuals. As their advisor, it's crucial to show that you are laser-focused on their specific priorities.

You also possess the ability to help your clients select the right products that will help them reach their goals. The more experienced an investor is, the more sophisticated the investment options are likely to be – especially now that many new opportunities have become accessible to non-institutional investors.



Hypothetical scenario for illustrative purposes only.

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

A = 0.30%	B = 2.47%	C = 1.13%	T

We believe that providing a customized wealth management experience holds significant value for investors. And personalizing services, education, appreciation, and investment recommendations allows for a more holistic and client-centered approach.

What is the value of this customization? Well, first we look at what a robo-advisor charges for investment-only planning and compare it to the average planning fee charged by a holistic advisor.

The difference represents the work an advisor does to personalize the investor's experience.

We believe there is great value to everything you do that goes above and beyond selecting investments, such as guiding your clients through key life events like marriage and retirement, planning for death or disability, creating a legacy and setting a plan for succession, and so on.

COST OF PLANNING vs. VALUE OF ADVICE

Customized family wealth planning

PERSONALIZED FAMILY WEALTH MANAGEMENT

Average Flat Planning Fee[1]

1.50%

INVESTMENT MANAGEMENT

Average Flat Planning Fee[2]

0.37%

=

Value of personalization above and beyond investment management

1.13%

[1,2] Average Financial Advisor Fees in 2023 (AdvisorHQ)
- 1.50% Based on average of the fees charged for a $500,000 account
- Typical robo-advisor fees range between 0.25% and 0.50% of your account balance per year

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

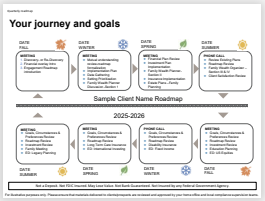
Chart a clearer path showing the value of your advice

How do you customize the client experience you deliver?

- ☐ Do you have a structured, repeatable process to uncover and reassess your clients' top priorities over time?
- ☐ Do you provide clients with a clear, visual roadmap outlining how you'll help them achieve their specific financial goals?
- ☐ Are you providing personalized family wealth planning services to your most valued clients?
- ☐ Can you confidently explain your investment philosophy and how it aligns with your clients' priorities?
- ☐ Can you clearly articulate your unique value proposition for the services you provide?

Your resource hub

Client Discovery Process
(1-pager)



Client Engagement Roadmap
(Template)

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

T is for Tax-smart planning & investing

In 2025

The value of T is 0.97%

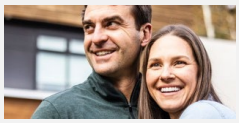
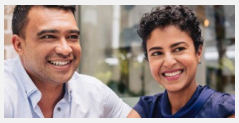
Taxes have the ability to seriously erode returns. Every year, most investors face a near-certain reality: taxes on their investment portfolio. Those who invested in individual stocks will likely be taxed on the capital gains (as well as investment income) that were realized over the year. Those who invested in either mutual funds or exchange-traded funds (ETFs) will receive a tax bill on the distributions received, which often include capital gains. And it doesn't really matter what the markets did: capital gains are paid out every year whether markets go up or go down.

Tax-managed investing doesn't just mean selecting tax-managed funds. But it is a good start as the ability to defer capital gains means your clients could end up with more in their pockets. And then later in life, such as in retirement when they are likely in lower income tax brackets, capital gains can be realized at a lower tax cost.

Tax-managed investing should also consider the other distributions that create tax cost such as interest income and dividends. Tax-Managed portfolios should be structured to minimize interest and dividends that are taxed at ordinary income rates and instead emphasize '"tax-exempt interest" as well as dividends that are taxed at preferred tax rates.

And that's why we believe an advisor who embraces tax management can provide considerable value to their clients. The table below illustrates the impact on after-tax returns for a $1 million portfolio, comparing a couple without tax-smart guidance to one benefiting from it.

The power of taxes

	AVERAGE JOE & JOAN Traditional taxpayer	UNCLE SAM & AUNT BETSY Tax-aware taxpayer
		
Year-end investment showed:	**$1,000,000**	**$1,000,000**
Federal tax due from:		
Dividends	$1,547	$833
Interest Income	$9,996	$0
Capital Gains	$9,401	$0
Total Federal Tax	**$20,944**	**$833**
After-tax value	$979,056	$999,167
% of investments lost to taxes	**-2.1%**	**-0.1%**

For illustrative purposes only. Does not represent any actual investment strategy.
Source: Morningstar Direct, S&P & Barclays.
"Traditional taxpayer case" - Capital Gains: U.S. Equity Average % = total cap gain distribution ÷ respective pre-distribution NAV. Dividend Yield: S&P 500® Index. Interest Income: Yield-to-worst on the Bloomberg U.S. Aggregate Bond Index.
"Tax-aware taxpayer case" - Capital Gain: Capital gains distributions of RETSX. Dividend Yield: 50% of the yield on the S&P 500® Index. Interest Income: Yield of the Bloomberg U.S. Municipal Bond Index.
Capital Gains and dividends taxed at a rate of 23.8% (Max LT Cap Gain 20% + Net Investment Income 3.8%). Interest Income taxed at a rate of 40.8% (Max Federal Income Rate 37% + Net Investment Income 3.8%). Diversified Portfolio: 50% equity, 50% bonds. Each distribution rate is applied to 50% of the total portfolio value of $1 million.

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

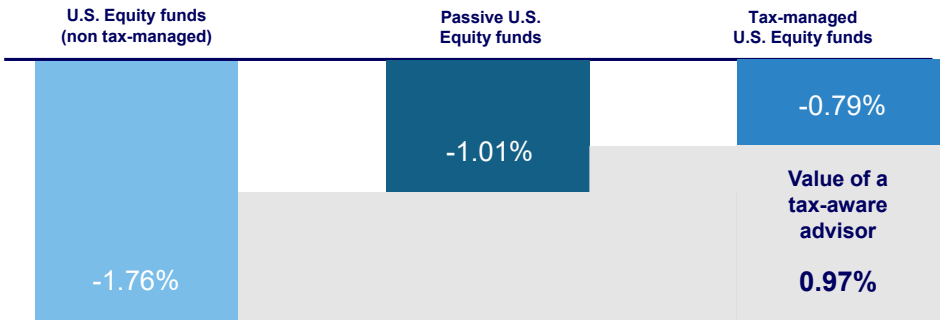
A = 0.30%	B = 2.47%	C = 1.13%	T = 0.97%

A tax-smart advisor can play a vital role in reducing the tax bite – or tax "drag" — on a portfolio by looking at where the tax impact may come from. You can review your clients' 1099-DIV tax form to see the different types of investment income an investor has received. By understanding the components, you can help your clients identify high tax-cost investments and take steps to minimize their tax liabilities.

The next chart highlights the tax drag difference between U.S. equity funds that are not tax-managed and those that are. Simply taking the one step to place your clients' non-qualified investments into tax-managed funds can help create substantial value.

DIALING DOWN THE TAX DRAG

Average annual tax drag (Return lost to the tax-payer)
For 5 years ending December 2024



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.

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

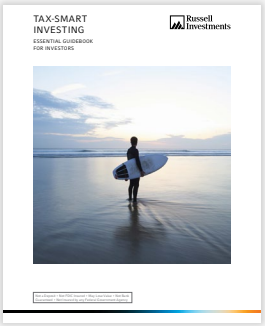
A = 0.30%	B = 2.47%	C = 1.13%	T = 0.97%

Chart a clearer path showing the value of your advice

Do you...

- ☐ ...UNDERSTAND your clients' total taxable distribution?
  - ☐ Capital gains
  - ☐ Dividends
  - ☐ Interest
- ☐ ...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 clients' 1099 or 1040?

Your resource hub



Tax-Smart Investing - Essential Guidebook for Investors
(Brochure, client ready)

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

Communicate your value

We live in a complex world that keeps proving new challenges to investors. An advisor's guidance can help investors navigate those challenges as they arise.

In an era of so much uncertainty, investors highly value the peace of mind they feel when they are confident their money is working for them.

That peace of mind may come from knowing their assets are allocated in the most optimal manner to help them pursue their goals.

Or because you have helped restrain their natural impulse to flee the market when things get rough.

Or perhaps you know your clients and their family well enough that they are secure in the knowledge their wishes and plans will be respected.

Or that they feel confident their portfolio is optimized in a way that minimizes their tax burden and maximizes their after-tax wealth.

No matter what an investor looks for in an advisor, we believe the services you provide hold significant value. And we believe you should let your clients know how much they benefit from your guidance.

Our simple but comprehensive formula can help you show your clients the value of your advice.

A for Asset allocation: 0.30%

\+

B for Behavior coaching: 2.47%

\+

C for Customized family wealth planning: 1.13%

\+

T for Tax-smart planning & investing: 0.97%

≈ **4.87%** the value of your advice in 2025

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

Focus on the value you provide

Your clients don't see most of the work you do. Our Value of an Advisor study is designed to help demonstrate the value of the services your clients may benefit from. At Russell Investments, we believe in the value of advisors. Our annual study confirms that belief, and helps you identify the invaluable services you provide.

Reach out to learn more

Russell Investments provides diversified investment solutions, and through our business solutions we can help you create your unique value proposition.

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

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

Where to next?

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.

Bloomberg 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).

FTSE NAREIT: An Index designed to present investors with a comprehensive family of REIT performance indexes that span the commercial real estate space across the U.S. economy, offering exposure to all investment and property sectors. In addition, the more narrowly focused property sector and sub-sector indexes provide the facility to concentrate commercial real estate exposure in more selected markets.

FTSE NAREIT Equity REITs: Contains all Equity REITs not designated as Timberland REITs or Telecommunications REITs. A REIT is a company that owns, and in most cases, operates income-producing real estate such as apartments, shopping centers, offices, hotels and warehouses. Some REITs also engage in financing real estate.

FTSE Treasury Bill 3 Month Index: Tracks the daily performance of 3-month US Treasury bills.

MSCI ACWI ex USA Index: Is a global equity index that measures the performance of large and mid-cap companies in developed and emerging markets, excluding the United States.

MSCI EAFE (Europe, Australasia, Far East) Index: A free float-adjusted market capitalization index that is designed to measure the equity market performance of developed markets, excluding the U.S. and Canada.

MSCI Emerging Markets Index: A float-adjusted market capitalization index that consists of indices in 24 emerging economies.

Russell 1000® Growth Index: Measures the performance of the large-cap growth segment of the U.S. equity universe.

Russell 1000® Value Index: Measures the performance of the large-cap value segment of the U.S. equity universe.

Russell 2000® Index: Measures the performance of the 2,000 smallest companies in the Russell 3000 index.

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

Nothing contained in this material is intended to constitute legal, tax, securities, or investment advice, nor an opinion regarding the appropriateness of any investment, nor a solicitation of any type. The general information contained in this publication should not be acted upon without obtaining specific legal, tax, and investment advice from a licensed professional.

Russell Investments' ownership is composed of a majority stake held by funds managed by TA Associates Management, L.P., with a significant minority stake held by funds managed by Reverence Capital Partners, L.P. Certain of Russell Investments' employees and Hamilton Lane Advisors, LLC also hold minority, non-controlling, ownership stakes.

Frank Russell Company is the owner of the Russell trademarks contained in this material and all trademark rights related to the Russell trademarks, which the members of the Russell Investments group of companies are permitted to use under license from Frank Russell Company. The members of the Russell Investments group of companies are not affiliated in any manner with Frank Russell Company or any entity operating under the "FTSE RUSSELL" brand.

Securities products and services offered through Russell Investments Financial Services, LLC, member FINRA, part of Russell Investments.

Copyright 2025 Russell Investments Group, LLC. All rights reserved. This material is proprietary and may not be reproduced, transferred, or distributed in any form without prior written permission from Russell Investments. It is delivered on an "as is" basis without warranty.

First used: April 2025. RIFIS-26515 [Exp.5/26]

russellinvestments.com

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

METHODOLOGY FOR ASSET ALLOCATION "A" 0.30%:
For the Self-Directed and Advisor-Directed Comparison, January 2005 – December 2024

- 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.
- Self-Directed Allocation Portfolio: consists of 36% U.S. all cap, 14% non-U.S., 30% fixed income, and 20% cash. Returns are based on the following indices: U.S. Equities = Russell 3000® Index; Non-U.S. Equities = MSCI ACWI ex USA Index and Cash = FTSE Treasury Bill 3 Mo.
- Advisor Directed Allocation Portfolio: consists of 32% U.S. large cap, 6% U.S. small cap, 10% non-U.S. developed, 5% emerging markets, 4% REITs, 38% fixed income, and 5% cash. Returns are based on the following indices: 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; non-U.S. developed = MSCI EAFE Index; emerging markets = MSCI Emerging Markets Index; REITs = FTSE NAREIT All Equity REITs Index; fixed income = Bloomberg U.S. Aggregate Bond Index, and Cash = FTSE Treasury Bill 3 Mo.
- Portfolios rebalanced annually.
- Growth of Wealth: Cash = FTSE Treasury Bill 3 Mo.; Inflation = U.S. Bureau of Labor Statistics Consumer Price Index

METHODOLOGY FOR TAX DRAG UNIVERSE CONSTRUCTION:

- Average of Morningstar's Tax Cost Ratio for universes as defined.
- Averages calculated on a given category. For example, average reflects the arithmetic average of the Morningstar Tax Cost Ratio for the universe/category as listed. Data includes all share classes
- Large Cap/Small Cap determination based upon Morningstar Category.
- If fund is indicated by 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: Morningstar calculated Tax Cost Ratio.

The Morningstar categories are as reported by Morningstar and have not been modified. © 2025 Morningstar, Inc. All Rights Reserved. The information contained herein: (1) is proprietary to Morningstar; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Past performance is no guarantee of future results.

METHODOLOGY FOR TAX DRAG:

Includes all open ended investment products – mutual funds/ETFs that are both active and passive. Tax Drag reflects the arithmetic average of Morningstar Tax Cost Ratio. Data includes all share classes and reflects Morningstar category of US Equity and Taxable Bond for equities and fixed income respectively

MORNINGSTAR CATEGORY DEFINITIONS:

U.S. Fund - Large Value: Large-value portfolios invest primarily in big U.S. companies that are less expensive or growing more slowly than other large-cap stocks. Stocks in the top 70% of the capitalization of the U.S. equity market are defined as large cap. Value is defined based on low valuations (low price ratios and high dividend yields) and slow growth (low growth rates for earnings, sales, book value, and cash flow).

U.S. Fund - Large Blend: Large-blend portfolios are fairly representative of the overall U.S. stock market in size, growth rates, and price. Stocks in the top 70% of the capitalization of the U.S. equity market are defined as large cap. The blend style is assigned to portfolios where neither growth nor value characteristics predominate. These portfolios tend to invest across the spectrum of U.S. industries, and owing to their broad exposure, the portfolios' returns are often similar to those of the S&P 500 Index.

U.S. Fund - Large Growth: Large-growth portfolios invest primarily in big U.S. companies that are projected to grow faster than other large-cap stocks. Stocks in the top 70% of the capitalization of the U.S. equity market are defined as large cap. Growth is defined based on fast growth (high growth rates for earnings, sales, book value, and cash flow) and high valuations (high price ratios and low dividend yields). Most of these portfolios focus on companies in rapidly expanding industries.

U.S. Fund - Mid-Cap Value: Some mid-cap value portfolios focus on medium-size companies while others land here because they own a mix of small-, mid-, and large-cap stocks. All look for U.S. stocks that are less expensive or growing more slowly than the market. Stocks in the middle 20% of the capitalization of the U.S. equity market are defined as mid-cap. Value is defined based on low valuations (low price ratios and high dividend yields) and slow growth (low growth rates for earnings, sales, book value, and cash flow).

U.S. Fund - Mid-Cap Blend: The typical mid-cap blend portfolio invests in U.S. stocks of various sizes and styles, giving it a middle-of the-road profile. Most shy away from high-priced growth stocks but aren't so price-conscious that they land in value territory. Stocks in the middle 20% of the capitalization of the U.S. equity market are defined as mid-cap. The blend style is assigned to portfolios where neither growth nor value characteristics predominate.

U.S. Fund - Mid-Cap Growth: Some mid-cap growth portfolios invest in stocks of all sizes, thus leading to a mid-cap profile, but others focus on midsize companies. Mid-cap growth portfolios target U.S. firms that are projected to grow faster than other mid-cap stocks, therefore commanding relatively higher prices. Stocks in the middle 20% of the capitalization of the U.S. equity market are defined as mid-cap. Growth is defined based on fast growth (high growth rates for earnings, sales, book value, and cash flow) and high valuations (high price ratios and low dividend yields).

U.S. Fund - Small Value: Small-value portfolios invest in small U.S. companies with valuations and growth rates below other small-cap peers.

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

Stocks in the bottom 10% of the capitalization of the U.S. equity market are defined as small cap. Value is defined based on low valuations (low price ratios and high dividend yields) and slow growth (low growth rates for earnings, sales, book value, and cash flow).

U.S. Fund - Small Blend: Small-blend portfolios favor U.S. firms at the smaller end of the market-capitalization range. Some aim to own an array of value and growth stocks while others employ a discipline that leads to holdings with valuations and growth rates close to the small-cap averages. Stocks in the bottom 10% of the capitalization of the U.S. equity market are defined as small cap. The blend style is assigned to portfolios where neither growth nor value characteristics predominate.

U.S. Fund - Small Growth: Small-growth portfolios focus on faster-growing companies whose shares are at the lower end of the market-capitalization range. These portfolios tend to favor companies in up-and-coming industries or young firms in their early growth stages. Because these businesses are fast-growing and often richly valued, their stocks tend to be volatile. Stocks in the bottom 10% of the capitalization of the U.S. equity market are defined as small cap. Growth is defined based on fast growth (high growth rates for earnings, sales, book value, and cash flow) and high valuations (high price ratios and low dividend yields).

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