

# Russell Investments Core Equity SMA

## Portfolio manager

Jordan McCall, CFA

## Portfolio manager of sub-advisers (Russell Investments USA)

Jordan McCall, CFA

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## Investment objective

Seeks to provide long-term capital growth with exposure to Canadian, U.S. and International equities.

## Investment process

Russell Investments Canada Limited (RICL) selects the sub-advisers to identify the best ideas for alpha stock selection, applies screens, and then optimizes the portfolio utilizing quantitative and/or rules-based processes. RICL's portfolio construction process seeks to achieve the desired level of concentration, appropriate risk management, and exposure to strategic and tactical sources of excess return intended to meet the separately managed accounts investment objective over a full market cycle.

The sub-advisers are unaffiliated with RICL and have non-discretionary asset management assignments pursuant to which they provide a model portfolio to RICL representing their investment recommendations.

## Product details

Inception date	9/30/2022
Benchmark	30% S&P TSX Composite 45% S&P 500 Index 25% MSCI EAFE
Minimum account size	\$100,000
Target holdings	100

## Portfolio characteristics

	Portfolio	Benchmark <sup>1</sup>
Number of holdings	100	1415
Dividend yield <sup>2</sup>	2.4%	2.2%
Price-to-Earnings (P/E) ratio	18.0	22.0
Price-to-Cash Flow (P/CF) ratio	9.71	11.86
Weighted Average Market Cap (USD)	\$705.7B	\$644.5B

Data as of March 31, 2025. Please refer to Important information at the end of this document for sources and calculation of this data. Past performance is not indicative of future results.

1. Benchmark –30% S&P TSX Composite Index, 45% S&P 500 Index and 25% MSCI EAFE. Indexes are unmanaged and cannot be invested in directly.

2. Reflects the annual rate at which dividends are being paid. It is the weighted average of each stock's annual dividend rate (including any one-time special dividends) divided by the price of the stock as of November 1, 2021. Investment management fees, expenses and taxes are not included in this calculation that would have decreased the yield shown. Dividend yields can change based on the performance of underlying stocks.

## Top 10 holdings

Security	Sector	% Allocation
Apple Inc	Information Technology	4.86
Microsoft Corp	Information Technology	3.66
Manulife Financial Corp	Financials	2.82
Agnico Eagle Mines Ltd	Materials	2.58
Siemens Ag-Reg	Industrials	2.55
Amazon.Com Inc	Consumer Discretionary	2.41
Bae Systems Plc	Industrials	2.40
Dbx Group Holdings Ltd	Financials	2.33
Alphabet Inc-Cl C	Communication Services	2.32
Sumitomo Mitsui Financial Gr	Financials	2.26

## Top 10 sector weights (%)

	% Allocation
Financials	26.95
Industrials	15.17
Information Technology	15.11
Health Care	9.28
Materials	7.93
Communication Services	7.90
Energy	7.32
Consumer Discretionary	5.16
Consumer Staples	4.60
Utilities	0.57

Other includes investment vehicles not falling within one of the top nine sectors listed above.

## Country weights (%)

	% Allocation
United States	38.18
Canada	31.49
United Kingdom	7.53
France	4.83
Japan	4.03
Singapore	3.94
Germany	3.78
Netherlands	2.11
Switzerland	1.81
Ireland	1.41
Hong Kong	0.58

# Russell Investments Core Equity SMA

## Performance review (%) as of March 31, 2025 (CAD)

	Latest Month	Quarterly	Year to date	Annualized				
				1 Year	3 Year	5 Year	10 Year	Since inception*
Core Equity SMA	-2.59	0.43	0.43	8.54	—	—	—	18.05
Benchmark	-3.45	0.27	0.27	14.53	—	—	—	20.80

\*Inception date September 30, 2022. Please refer to Important information at the end of this document for sources and calculation of this data.

## Sub-advisers and their investment strategies

Sub-adviser	Role	Year assigned
Galibier Capital Management Ltd.	Canadian Growth at a reasonable price	2022
Scheer, Rowlett & Associates Investment Management Ltd.	Canadian Value	2022
Intermede Investment Partners Limited and Intermede Global Partners Inc.	Global Growth	2022
Sanders Capital, LLC	Global Value	2022

- Galibier Capital Management Ltd employs a "growth at a reasonable price" approach. The Canadian companies held in its high-conviction portfolio generally have an enduring competitive advantage, high free cash flow, management with a demonstrated record of good governance maximizing shareholder value, above-average long term growth prospects and appropriate financial leverage.
- Scheer, Rowlett & Associates Investment Management Ltd. (part of CC&L Financial Group) uses a fundamental, bottom-up approach and has built a strong track record of investing in Canadian equities with a disciplined value approach. Thoughtful portfolio construction and risk awareness make the strategy suitable for SMA format.
- Intermede Investment Partners Limited and Intermede Global Partners Inc. focuses on stocks that are secular growers with some aspect of innovation that the market has yet to price in. They also look for good top-line growth and earnings growth, ideally with attractive return on equity, further margin expansion potential and strong free cash flow.
- Sanders Capital, LLC employs a bottom-up fundamental research driven process to identify large cap stocks trading at what it believes to be a discount to their intrinsic value.

Sub-advisers mentioned are current as of March 31, 2025. Russell Investments has the right to engage or terminate a sub-adviser at any time without notice.

## Canadian, U.S. and International Equity Commentary & Outlook

Global equity markets saw a sharp divergence in Q1, which was mainly driven by regional dynamics and policy responses. The U.S. market faced headwinds, weighed down by trade tensions, inflation fears and the reversal of big tech dominance. This led to S&P 500 posting its worst quarterly performance in three years, with investors pivoting towards more traditional sectors. Capping off an already turbulent quarter, President Trump's introduction of Liberation Day tariffs further rattled markets.

Canadian equities posted modest gains in Q1, with the S&P/TSX Composite Index rising 1.5%, supported by strength in materials sectors which was driven by sharp rally in gold prices. An overweight to Agnico Eagle Mines Ltd had a positive impact on performance. Despite modestly flat energy prices, exposure to Suncor Energy had a positive impact as the stock rose more than 10% in the period. Insurers outperformed and the overweight to Manulife Financial Corp added value.

U.S. equities lagged, primarily driven by elevated uncertainty stemming from the volatile nature of trade policy and dampened growth expectations in the U.S. However, not all market movements were driven by macro factors. After an impressive rally, dominance of the mega-cap tech stocks started to unwind following the release of Chinese firm DeepSeek's new AI model, which raised concerns about the sustainability of U.S. big tech valuations. Consequently, overweight positions in Apple, Microsoft, Amazon and Alphabet detracted as investors began rotating out of the mega-cap growth names.

International Equities outperformed their U.S. counterparts marking the biggest quarterly performance gap between Stoxx 600 and the S&P 500 in a decade. UK and European equities rose as investors sought alternatives to richly valued U.S. stocks. Defence stocks increased following President Trump's insistence that Europe pay more for its security. Japanese equities were under pressure following the Bank of Japan's 25 basis point rate hike in January and its hawkish tone.

Market uncertainty reigns high as the unpredictable nature of U.S. trade policy is a major wildcard with varying impacts for global markets. A U.S.-China trade war could cripple the global economy, which was already showing some pockets of slowing prior to "Liberation Day". European economies may see longer term benefits from increased fiscal spending, but tariffs still cast uncertainty. If these tariffs were to persist, U.S. growth could slow by 1 to 1.5 % compared to prior to the imposition of tariffs. We believe that year-ahead recession risks have risen, with U.S. recession odds close to a coin toss, and Canadian recession odds even more elevated.

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## Important information

**THIS PUBLICATION IS INTENDED FOR INVESTMENT ADVISORS ONLY AND IS NOT INTENDED FOR, NOR CAN IT BE PROVIDED TO, INVESTORS OR POTENTIAL INVESTORS. IT DOES NOT CONSTITUTE A SALES COMMUNICATION AS DEFINED BY NATIONAL INSTRUMENT 81-102, "INVESTMENT FUNDS".**

The Russell Investments Core Equity SMA is based on a Canadian, US and International equity strategy, with investment exclusions applied.

The exclusions applied to the sub-advisers include inaccessible foreign names, no emerging markets securities & mapping local securities to American Depositary Receipts (ADRs) running liquidity checks. The SMA includes a concentrated selection of 100 stocks with various risk control parameters around sector, industry, country, region, single stock, and fundamental style risk factors.

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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.

Past performance is not indicative of future results.

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

Indexes are unmanaged and cannot be invested in directly.

**S&P/TSX Composite Index:** The benchmark Canadian stocks index, representing roughly 70% of the total market capitalization on the Toronto Stock Exchange.

**S&P 500® Index:** A free-float capitalization-weighted index published since 1957 of the prices of 500 large-cap common stocks actively traded in the United States. The stocks included in the S&P 500® are those of large publicly held companies that trade on either of the two largest American stock market exchanges: the New York Stock Exchange and the NASDAQ.

**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.

This publication may contain forward-looking statements. Forward-looking statements are statements that are predictive in nature, that depend upon or refer to future events or conditions, or that include words such as or similar to, "expects", "anticipates", "believes" or negative versions thereof. Any statement that may be made concerning future performance, strategies or prospects, and possible future fund action, is also a forward-looking statement. Forward looking statements are based on current expectations and projections about future events and are inherently subject to, among other things, risk, uncertainties and assumptions about economic factors that could cause actual results and events to differ materially from what is contemplated. We encourage you to consider these and other factors carefully before making any investment decisions and we urge you to avoid placing undue reliance on forward-looking statements. Russell Investments has no specific intention of updating any forward-looking statements whether as a result of new information, future events or otherwise.

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