

# Russell Investments Core Equity SMA

## Portfolio manager

Jordan McCall, CFA

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

Jordan McCall, CFA

Ryan Parker, CFA

## 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	1411
Dividend yield <sup>2</sup>	2.3%	2.1%
Price-to-Earnings (P/E) ratio	17.98	22.67
Price-to-Cash Flow (P/CF) ratio	10.10	12.43
Weighted Average Market Cap (USD)	\$760.3B	\$762.9B

Data as of June 30, 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
Microsoft Corp	Software & Services	4.38
Apple Inc	Technology Hardware & Equipment	4.05
Bae Systems Plc	Capital Goods	2.77
Manulife Financial Corp	Insurance	2.60
Siemens Ag-Reg	Capital Goods	2.57
Agnico Eagle Mines Ltd	Materials	2.56
Amazon.Com Inc	Consumer Discretionary Distribution & Retail	2.50
Alphabet Inc-Cl C	Media & Entertainment	2.38
Schneider Electric Se	Capital Goods	2.31
Fairfax Financial Hldgs Ltd	Insurance	2.26

## Top 10 sector weights (%)

	% Allocation
Financials	26.79
Industrials	16.13
Information Technology	15.64
Communication Services	8.76
Materials	8.33
Health Care	7.85
Energy	6.56
Consumer Discretionary	5.41
Consumer Staples	3.98
Utilities	0.55

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

## Country weights (%)

	% Allocation
United States	37.93
Canada	31.77
United Kingdom	7.75
France	5.03
Germany	3.87
Japan	3.83
Singapore	3.75
Netherlands	2.17
Switzerland	1.76
Ireland	1.23
Hong Kong	0.63

# Russell Investments Core Equity SMA

## Performance review (%) as of June 30, 2025 (CAD)

	Latest Month	Quarterly	Year to date	Annualized				
				1 Year	3 Year	5 Year	10 Year	Since inception*
Core Equity SMA	3.06	5.86	6.32	13.61	—	—	—	18.72
Benchmark	3.15	6.28	6.56	18.89	—	—	—	21.40

\*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 June 30, 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

The second quarter was marked by sharp market swings driven by tariff policy uncertainty and heightened geopolitical tensions in the Middle East. Despite initial fears, investor concerns failed to materialize and with resilient economic data, global equities registered solid quarterly returns. A resurgence in investor confidence, along with strong earnings season, propelled mega-cap tech stocks higher. By the end of the quarter, markets were firmly risk-on, buoyed by trade negotiations between the U.S. and its trading partners.

Canadian stocks had a strong run in the second quarter of 2025, with the S&P/TSX Index advancing 8.5%. The quarter began with heightened volatility, followed by a strong rebound as fears around trade policy receded. Heightened uncertainty boosted precious metals, and the overweight to Agnico Eagle Mines contributed positively to performance. Gains were driven by strength in Information Technology, Consumer Discretionary, and Financials, with the overweight positions in Manulife Financial Corp and Fairfax Financial Holdings LTD also adding value.

U.S. equities closed Q2 at record highs, undeterred by the sharp sell offs at the start of the quarter that brought them close to a bear market. Gains were led by the Information Technology and Communication Services sectors. The 'Magnificent Seven' tech giants delivered strong returns over the second quarter, as stocks with exposure to artificial intelligence staged a strong recovery after some weakness earlier in the year. Consequently, underweight positions in Microsoft, Amazon, Alphabet and Meta detracted from performance as investors rotated back into growth stocks. However, the underweight to Apple was additive as the stock underperformed broader tech peers amid mixed earnings and softer guidance.

European and UK equities ended the quarter in positive territory, rebounding in May and June following April's tariff driven pullback. Industrials emerged as the top-performing sector in both regions, particularly, defense stocks in Europe continued their upward momentum following the NATO summit to lift defense spending. Given this backdrop, overweight positions in Bae Systems, Siemens and Schneider Electric turned favorable. Japanese equity market posted strong gains amid positive developments in U.S. trade negotiations with China and other key partners, easing recession fears.

While trade tensions have eased somewhat, ongoing uncertainty around tariffs and global supply chains continue to weigh on investor sentiment. Tax reforms and deregulation are likely to stimulate growth, however, tariffs and immigration restrictions could trigger a stagflationary shock that might have the Federal Reserve contemplating a rate hike as the economy weakens. Rising unemployment and renewed inflationary pressures challenge growth prospects in Canada, prompting expectations of more aggressive rate cuts by the Bank of Canada. Outside of the U.S., growth will likely remain under pressure as trade policy uncertainty pose challenges for Europe while the UK contends with sluggish productivity, labor constraints, and inflationary impacts from higher taxes under the new Labor government.

# Russell Investments Core Equity SMA

## 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.

Nothing in this publication 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. This information is made available on an "as is" basis. Russell Investments Canada Limited does not make any warranty or representation regarding the information.

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.

Russell Investments is the operating name of a group of companies under common management, including Russell Investments Canada Limited.

Russell Investments' ownership is composed of a majority stake held by funds managed by TA Associates, 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.

Copyright © Russell Investments Canada Limited 2025. All rights reserved.

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.

Date of first publication: June 2023. Revised: August 2025

RETAIL-04435 [EXP-05-2026]