Global Equity Pool

Update – 4th Quarter 2025

Russell Investments

Russell Investments Global Equity Pool provides long-term capital appreciation by obtaining diversified exposure to equity securities issued by corporations listed on recognized stock exchanges around the world.

Quarterly summary

From the portfolio manager: Key messages

Market

- **MSCI World up, 1.6% QTD, 15.4% YTD.** Global markets capped off a wild year with a modestly positive quarter.
- The AI trade continued to power the biggest contributions to the index, led by Alphabet on the back of strong growth in their cloud business and positive reviews of Gemini, their primary AI model.
  - Apple, Amazon and Broadcom were also top contributors though their returns were high single digit.
- **HOWEVER,** signs of market scrutiny on AI related capex are growing.
  - Microsoft, Meta and Oracle were the top three index detractors. Specifically with Meta and Oracle, growing debt financing to fund data center buildouts have become a growing area of concern.
- Outside of tech, earnings and revenue beats and upbeat forward guidance by pharma companies drove positive returns within healthcare. Materials (precious metal miners) and Financials contributed to non-US outperformance vs US.

Pool

- **The Global Equity Pool returned 2.4% for the quarter and 16.1% for the year.**
  - Selective exposure to AI via manager stock selection drove positive results.
    - **Positions rewarded:** Overweights to Applied Materials, Alphabet, Samsung, Seagate; Underweights to Microsoft, Oracle
    - **Positions that detracted:** Overweights to Meta and Alibaba; underweights to Micron, AMD
    - **AI bottom line:** Managers are doing a solid job picking out positive stories in AI and avoiding excessive risk taking
  - Idiosyncratic stock picks drove the remainder of positive returns (SocGen, Barrick Mining, Nokia, Roche, Inditex).
- Peer relative performance was positive and finished the year near the upper quartile.

Positioning

- Recession risk has faded (now 25% probability) but watch points persist
  - The bar is high for AI to deliver continued results through 2026 – firms must be able to point to increasing adoption, productivity gains and scale to justify the level of investment and growing debt financing.
  - Unemployment (rising) and inflation (above target) remain important watchpoints in the broader economy.
- On the flip side, accommodative central banks and government stimulus have increased our bull case scenario to 40%.Geopolitical risks are a heightened wildcard that could cause increased market volatility.
- Bottom line: While the uncertainty of early 2025 is fading, markets are pricing in rosy AI scenarios and limited macro or geopolitical blowback.
  - We continue to believe focusing the bulk of our active risk budget on manager stock selection is most prudent going into 2026.

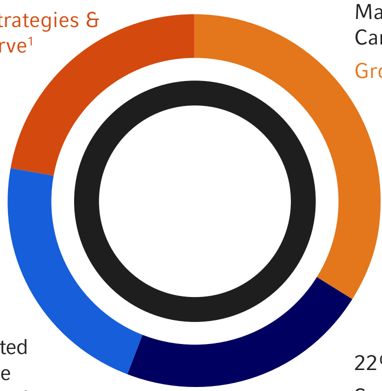
Performance drivers

Contributors

- Strong stock selection from Value managers drove positive excess returns.
  - Sanders' security selection within IT (Applied Materials, Seagate, Samsung Electronics) and Communication services (Alphabet) contributed to performance.
  - Wellington ICV's positioning within European Financials was their primary driver of positive performance.
    - A key stock pick was Nokia, driven by an announced $1 bn investment from Nvidia.

Detractors

- Wellington Global Growth was mostly flat given mixed exposure to AI
  - Good: Alphabet, Amazon, Broadcom
  - Bad: Microsoft, Alibaba, Oracle



[1]Positioning strategies are customized exposures directly managed by Russell Investments for use within the total portfolio. Used in conjunction with third party active managers, positioning strategies allow our portfolio managers to seek excess return and manage portfolio risk by giving them the ability to fully reflect our strategic and dynamic insights with integrated liquidity and risk management. Liquidity Reserve is a cash account that supports day-to-day cash flow and may be overlayed with derivatives to provide market exposure in order to manage the risk profile of the Fund.

Exposures	Q4	Q3
Region Exposures		
United States	67.48%	68.33%
Europe ex UK	14.37%	13.60%
Japan	5.16%	5.54%
Emerging Markets	3.94%	3.70%
UK	3.84%	3.48%
Canada	3.05%	2.86%
Australia/New Zealand	1.00%	1.33%
Asia ex Japan	1.16%	1.17%
Sector Exposures		
Information Technology	24.64%	24.37%
Financials	19.02%	18.55%
Health Care	12.22%	11.55%
Consumer Discretionary	11.34%	11.70%
Communication Services	11.00%	11.03%
Industrials	10.44%	10.82%
Consumer Staples	4.48%	4.52%
Energy	2.42%	2.90%
Materials	2.97%	2.98%
Real Estate	1.26%	1.39%
Utilities	0.21%	0.18%

Source: Russell Investments. Data as of December 31, 2025

Outlook

Cycle

- Recession risk has faded (now 25% probability) but watch points persist.
  - The bar is high for AI to deliver continued results through 2026 – firms must be able to point to increasing adoption, productivity gains and scale to justify the level of investment and growing debt financing.
  - Unemployment (rising) and inflation (above target) remain important watchpoints in the broader economy.
- On the flip side, accommodative central banks and government stimulus (OBBA in the US plus measures in Europe, China and other countries) have increased the bull case scenario to 40%.
- Geopolitical risks are a heightened wildcard that could cause increased market volatility.
- **Bottom line**: While the uncertainty of early 2025 is fading, markets are pricing in rosy AI scenarios and limited macro/geopolitical blowback.

Valuation

- U.S. remains expensive relative to other regions. Europe ex UK remains attractive, and fiscal stimulus provides cycle support.
- Value / Growth spreads remain wide. Growth expectations hinge primarily on continued growth of AI, where the bar is already quite high.
- Excluding the TMT bubble, Quality appears attractive relative to long-term averages.
- Small cap valuation is compelling relative to Large Cap and cycle support is building. We think the trends in regionalism and AI innovation are supportive over the medium to long term.
- **Bottom line**: U.S. markets remain highly concentrated in mega-cap growth relative to their non-US counterparts. We maintain a modest underweight to the U.S., overweights to Europe and EM, and are aligned to strategic beliefs on styles.

Sentiment

- Overall market sentiment is slightly overbought but not close to our euphoric signals.
  - Margin debt is elevated and is the primary concern going into the year.
- Value momentum is building both outside and within the U.S. while Growth sentiment remains positive. Reminder: Growth and Value as styles are not mutually exclusive – you can have both at the same time via skilled stock pickers!
- Quality and Low Volatility sentiment remains negative.
- **Bottom line**: Markets look frothy but not overly so. We are aligned to strategic positioning in the funds.

Performance

Performance (%) as of December 31, 2025

	3 mo.	YTD	1 yr.	3 yr.	5 yr.	10 yr.	Since inception
Global Equity Pool (Series F)	2.41	16.05	16.05	19.96	13.52	11.30	6.67

Performance is annualized except for periods of less than one year. Source: Russell Investments / Confluence. Indexes are unmanaged and cannot be invested in directly. Past performance is not indicative of future results. Fund inception: February 23, 2001.

Fund Codes (FRC)

	Trust	Class
B (front load)	531	2015
F (fee based)	532	2020
O	417	500
ETF Series	TSX	RIGE

For additional Series fund codes, visit russellinvestments.com/ca/fundcodes

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