

Fund update

Accumulation portfolios



January 2022

At Russell Investments Canada Limited (“Russell Investments Canada”), we are committed to providing high conviction investment solutions that reflect our global view of the opportunities and risks available in the financial markets. From time to time, we revise the strategic asset allocation of our portfolios to keep them in line with our most recent analysis of the market environment.

Our 2022 Global Market Outlook forecasts a slight slowdown in global growth next year, but still above trend. Our strategists believe that as the pandemic wanes, the recovery should favor undervalued cyclical value stocks over expensive growth stocks. This leads them to prefer non-U.S. equities to U.S. equities. They anticipate the U.S. dollar will weaken during the recovery phase, and economically sensitive commodity currencies – like the Canadian dollar – are expected to do well.

Based on this outlook, we have made changes to our Accumulation portfolios to reflect our preferences and improve the portfolios’ long-term overall risk and return profiles. Our Accumulation portfolios – **Russell Investments Balanced**, **Russell Investments Balanced Growth** and **Russell Investments Long-term Growth** – have been designed to provide investors saving for retirement the potential for growth at different levels of risk.

The changes include:

- Increased exposure to the equity risk premium
- Replacing our traditional Canadian, US, and International equity pools with multi-factor equity pools to simplify the portfolio structure
- Slightly reduced exposure to listed real assets and emerging markets
- Reduced fixed income exposure, but increased duration in the remaining fixed income assets

In addition, we have modified the benchmarks for these portfolios to reflect the positioning used by the peer group. This is expected to provide a more accurate comparison of performance. As well, it has reduced the composition of our benchmarks to include fewer components.

Within the portfolios, exposure to Canadian, U.S., and International equity will be through our multi-factor pools, rather than the current blend of multi-factor and core equity pools. This will reduce the number of underlying funds in the portfolios to 12 from 15.

The increased duration in our fixed income exposure is expected to provide better diversification against equity risk, helping to balance the higher weighting to equities resulting from these changes.

There is also a change to the strategic asset allocation of Russell Investments Balanced, which involves a decrease in equity and real assets exposure. As a result of the changes to the strategic asset allocation, we anticipate the fund may move from the Global Neutral Balanced Morningstar peer group to the Global Fixed Income Balanced peer group, as per the Canadian Invest Funds Standards Committee (CIFSC) guidelines.

New strategic asset allocation weights

The percentages below represent the target strategic asset allocation (SAA) to each underlying Fund.

	RUSSELL INVESTMENTS BALANCED		
	Prior SAA	New SAA	SAA change
Russell Investments Short Term Income Pool	6.0%	0.0%	-6.0%
Russell Investments Canadian Fixed Income Fund	37.0%	48.0%	11.0%
Russell Investments Global Credit Pool	8.0%	10.0%	2.0%
Total Fixed Income Allocation	51.0%	58.0%	7.0%
Russell Investments Canadian Equity Pool	6.0%	0.0%	-6.0%
Russell Investments Multi-Factor Canadian Equity Pool	4.0%	10.0%	6.0%
Russell Investments US Equity Pool	4.0%	0.0%	-4.0%
Russell Investments Multi-Factor US Equity Pool	4.0%	5.0%	1.0%
Russell Investments Overseas Equity Pool	5.0%	0.0%	-5.0%
Russell Investments Multi-Factor International Equity Pool	4.0%	5.0%	1.0%
Russell Investments Global Equity Pool	5.0%	8.0%	2.0%
Russell Investments Global Smaller Companies Pool	3.0%	2.0%	-1.0%
Russell Investments Emerging Markets Equity Pool	4.0%	2.0%	-2.0%
Total Equity Allocation	39.0%	32.0%	-8.0%
Russell Investments Global Infrastructure Pool	3.0%	2.0%	-1.0%
Russell Investments Global Real Estate Pool	2.0%	2.0%	0.0%
Total Real Assets Allocation	5.0%	4.0%	-1.0%
Russell Investments Global Unconstrained Bond Pool	5.0%	6.0%	1.0%
Total Absolute Return Allocation	5.0%	6.0%	1.0%
Total	100.0%	100.0%	0.0%

RUSSELL INVESTMENTS BALANCED GROWTH

	Prior SAA	New SAA	SAA change
Russell Investments Short Term Income Pool	4.0%	0.0%	-4.0%
Russell Investments Canadian Fixed Income Fund	31.0%	32.0%	1.0%
Russell Investments Global Credit Pool	7.0%	7.0%	0.0%
Total Fixed Income Allocation	42.0%	39.0%	-3.0%
Russell Investments Canadian Equity Pool	7.0%	0.0%	-7.0%
Russell Investments Multi-Factor Canadian Equity Pool	5.0%	15.0%	10.0%
Russell Investments US Equity Pool	6.0%	0.0%	-6.0%
Russell Investments Multi-Factor US Equity Pool	5.0%	11.0%	6.0%
Russell Investments Overseas Equity Pool	6.0%	0.0%	-6.0%
Russell Investments Multi-Factor International Equity Pool	4.0%	8.0%	4.0%
Russell Investments Global Equity Pool	7.0%	12.0%	5.0%
Russell Investments Global Smaller Companies Pool	3.0%	3.0%	0.0%
Russell Investments Emerging Markets Equity Pool	5.0%	3.0%	-2.0%
Total Equity Allocation	48.0%	52.0%	4.0%
Russell Investments Global Infrastructure Pool	3.0%	2.5%	-0.5%
Russell Investments Global Real Estate Pool	3.0%	2.5%	-0.5%
Total Real Assets Allocation	6.0%	5.0%	-1.0%
Russell Investments Global Unconstrained Bond Pool	4.0%	4.0%	0.0%
Total Absolute Return Allocation	4.0%	4.0%	0.0%
Total	100.0%	100.0%	0.0%

RUSSELL INVESTMENTS LONG-TERM GROWTH

	Prior SAA	New SAA	SAA change
Russell Investments Canadian Fixed Income Fund	15.0%	14.0%	-1.0%
Russell Investments Global Credit Pool	6.0%	4.0%	-2.0%
Total Fixed Income Allocation	21.0%	18.0%	-3.0%
Russell Investments Canadian Equity Pool	11.0%	0.0%	-11.0%
Russell Investments Multi-Factor Canadian Equity Pool	5.0%	19.0%	14.0%
Russell Investments US Equity Pool	9.0%	0.0%	-9.0%
Russell Investments Multi-Factor US Equity Pool	5.0%	16.0%	11.0%
Russell Investments Overseas Equity Pool	9.0%	0.0%	-9.0%
Russell Investments Multi-Factor International Equity Pool	5.0%	12.0%	7.0%
Russell Investments Global Equity Pool	13.0%	18.0%	5.0%
Russell Investments Global Smaller Companies Pool	4.0%	3.0%	-1.0%
Russell Investments Emerging Markets Equity Pool	6.0%	5.0%	-1.0%
Total Equity Allocation	67.0%	73.0%	6.0%
Russell Investments Global Infrastructure Pool	4.0%	3.0%	-1.0%
Russell Investments Global Real Estate Pool	4.0%	3.0%	-1.0%
Total Real Assets Allocation	8.0%	6.0%	-2.0%
Russell Investments Global Unconstrained Bond Pool	4.0%	3.0%	-1.0%
Total Absolute Return Allocation	4.0%	3.0%	-1.0%
Total	100.0%	100.0%	0.0%

For more information about Russell Investments Accumulation Portfolios, please contact us at 1-888-509-1792 or by email at canada@russellinvestments.com

Important information

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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.

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

Positioning strategies are customized portfolios directly managed by Russell Investments for use within the total portfolio. Portfolio managers use positioning strategies to seek excess return and manage portfolio risks by targeting specific exposures. The Russell Investments positioning strategy allocation includes the Fund's liquidity reserve.

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