VALUE OF AN ADVISOR

Russell Investments

2025 / 12th EDITION

More than a guide

A trusted advisor helps navigate the complexities of wealth, paving the way for generations to come.

Invest without boundaries™

The value of an advisor

2024 was a year of significant change and changing fortunes. Inflation in the U.S. slowed despite robust economic activity, but impending trade wars clouded the economic outlook. 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. Both stocks and bonds moved higher, but the big technology names known as the Magnificent 7 (Apple, Microsoft, Amazon, Alphabet (Google), Tesla, Nvidia and Meta Platforms) began to stumble after years of dominance.

With all the uncertainty and the changes in market leadership, you may have found yourself questioning whether to stay invested, change your approach, or you may have worried about the safety of your retirement portfolio. That's why we believe having a trusted advisor matters.

Even if the only thing your advisor did last year was help you stick to your investment plan, you likely received more value than the fee you paid. But chances are, your advisor probably did more than that.

They likely reviewed your asset allocation to ensure it still aligned with your financial goals and the market environment. They may have met with you, and possibly your spouse or children—to discuss changes in your life, helped you shape your legacy plan or worked to improve your after-tax returns.

Our simple and handy formula encompasses all those services to help you understand the value of working with an advisor.

A + B + C + T ≈ VALUE

Asset allocation

Behavioral coaching

Customized Family Wealth Planning

Tax-smart planning & investing

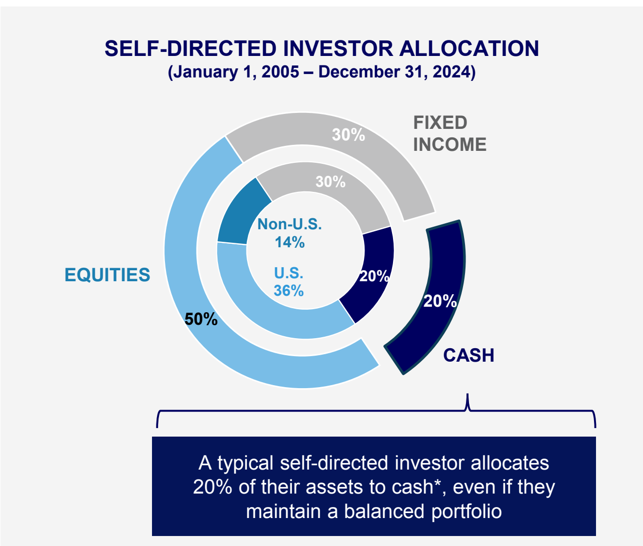
A is for Asset allocation

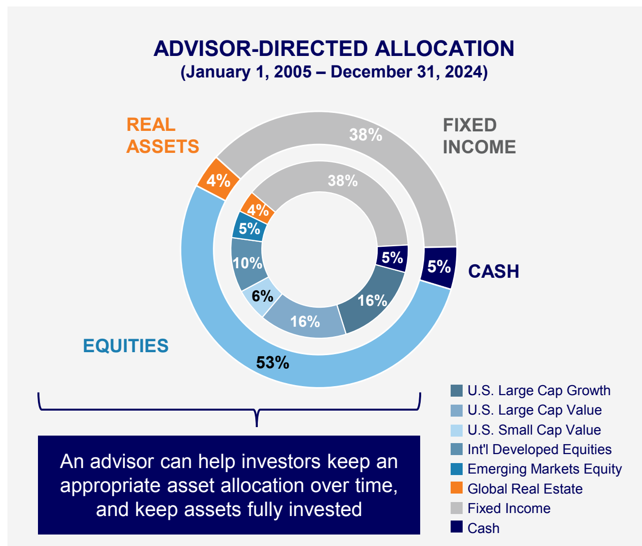
We are all most comfortable with things that are familiar to us. This is why we generally choose the same brands when we shop or have our own sense of what we consider “comfort food”.

It’s not much different when it comes to investing. You may think you understand the markets, but studies show that when 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, with a fairly substantial proportion in cash. Most investors who don’t follow the guidance of an advisor will play it safe by keeping about 20% of their portfolio in cash.

If you work with an advisor, however, they are likely to tell you that a much smaller allocation to cash is better. Too much cash that is not fully invested in the market becomes a drag on performance. An advisor will most likely discuss other options to help you seek the best returns with a reasonable level of risk. That may require adding smaller value names in more diverse sectors, perhaps an allocation to international and emerging markets equities and potentially a small exposure to real assets as a hedge against inflation.

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 used in a Russell Investments model portfolio.

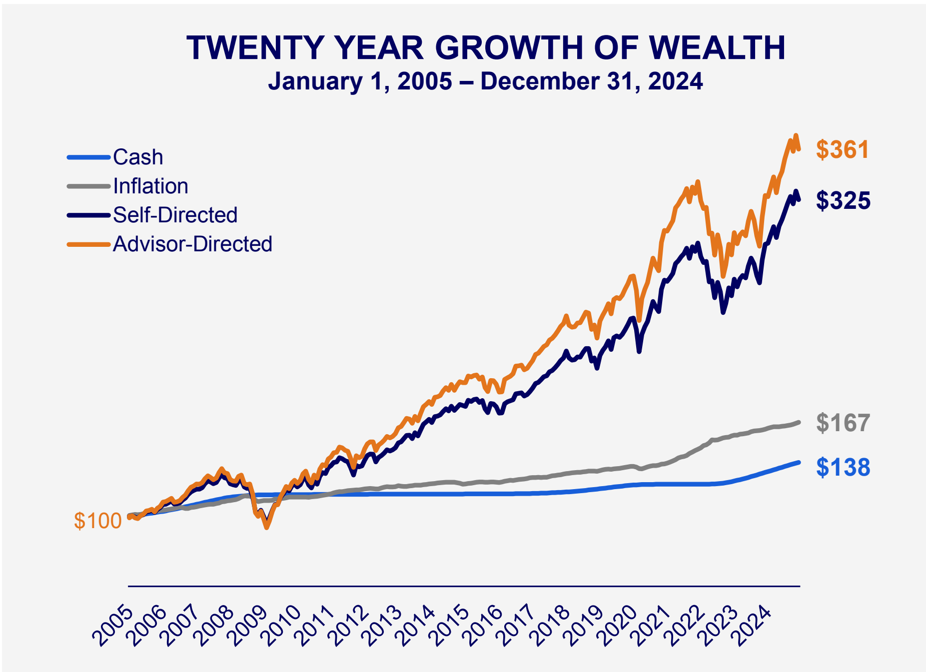




For illustrative purposes only. Not intended to represent any actual investment. See Appendix for details on methodology.
*Cash assumptions based on https://www.aaii.com/assetallocationsurvey average cash allocation over the last 20 years. Portfolios rebalanced annually. Self-directed investor allocation: 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.

While you or any typical investor may feel more comfortable keeping a big chunk of your money in cash and familiar household names, that may not be the best way for you to reach your financial goals. Keeping your money in the market gives you a higher probability of earning returns and greater diversification can help smooth out the ride. And isn't it more comfortable to sleep well at night rather than worrying about your investment portfolio in choppy markets?

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. As you can also see, cash returns over the period are low and below the rate of inflation. That's why having an advisor who can design an asset allocation that fits your needs at a level of risk that you can live with, may be able to put your closer to achieving your financial goals. We think that is valuable.



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.

B is for Behavioral coaching

As humans, we are ruled by our emotions and they play a powerful role in the decisions we make. That's generally not a big deal when we make a frivolous purchase because we "fell in love" with it, or block someone on social media over a minor disagreement. Most of the time, you can recover from those knee-jerk reactions. But being impulsive when it comes to your investments can be detrimental to your financial well-being.

To be a successful investor, it's important to be objective and disciplined when making investment decisions. This means making sure decisions align with your long-term goals. This is where working with an advisor can be helpful.

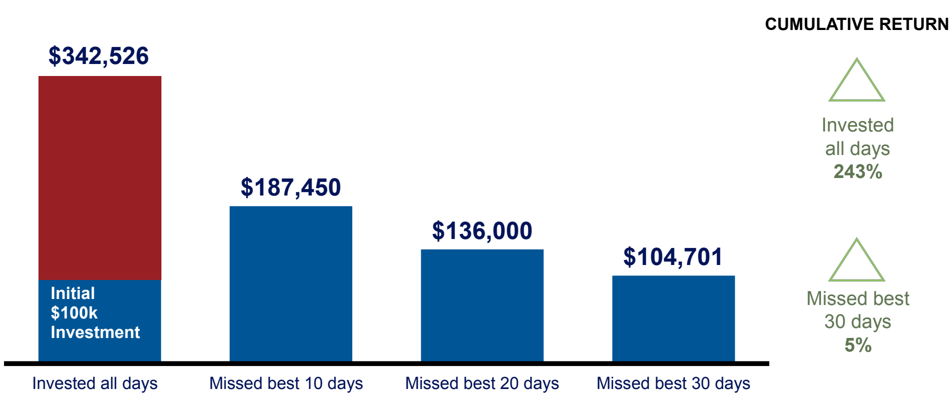
Advisors can assist you in a full spectrum of wealth planning, from selecting the most optimal investments, to managing your portfolio through different life changes, to retirement and estate planning, as well as guidance on taxation. All can help you work toward your financial goals.

But more than that, they can act as behavior coaches: guiding you through your emotional responses so that your portfolio remains on track.

While you would be forgiven if changes in U.S. monetary policy, global trade war escalation, and continued strife in Ukraine and the Middle East prompted you to second-guess your investment strategy, making changes off the back of these events may be detrimental to your portfolio. Sometimes it's the decisions you choose *not* to make that count more.

As the following graph shows, missing out on even a few days of good performance can eat into your portfolio's returns. And how do you know which days those will be? That's the catch—you don't. Markets can be unpredictable. Without a crystal ball, you may choose the wrong time to leave and the wrong time to get back in.

Difficulty of market timing



Source: Morningstar. Returns based on S&P 500 Index, for 10-year period ending December 31, 2024. This hypothetical example is for illustration only and is not intended to reflect the return of any actual investment. Investments do not typically grow at an even rate of return and may experience negative growth. Index returns represent past performance, are not a guarantee of future performance, and are not indicative of any specific investment. Indexes are unmanaged and cannot be invested in directly.

Generally, just remaining in the market through thick and thin is the better option. A thoughtful advisor can soothe your fears, keep you from acting on your emotional response to volatility, and help you potentially capture gains.

In fact, investors who try to "time" the markets invariably end up with a lower overall return than investors who remain invested. We believe that if you work with an advisor, you are more likely to weather the market's turbulence. That's why we believe there is so much value to their behavioral guidance.

C is for Customized family wealth planning

We all know how frustrating it is to call a bank or cellphone company looking for service and having to determine which of the available options provided by the automated system fits our particular circumstance. Now imagine being in that position when markets are volatile and you're worried about your investments.

That's why robo-advisors can play a role in investment management, but can never replace a human advisor. Robo-advisors generally don't provide a financial plan, ongoing service, or the guidance that you could get from a trusted advisor. Although their fees are quite low, in most cases you just have the option of choosing from a pre-selected list of funds, an annual statement, and a phone number to call in case of questions. Your advisor, on the other hand, has likely discussed your goals, circumstances, and preferences with you. They consider those elements when they determine your investment plan, and they can use them as a framework to respond to your specific concerns when markets are volatile. We believe there is great value in that.

Many advisors now provide customized service in the same way that your coffee shop or entertainment provider does. The "new world" of financial advice means advisors don't just build an investment plan, they regularly update it so that it continues to align to your changing needs. They also conduct regular portfolio reviews, and make themselves available to answer your questions, guide you through market volatility and make recommendations when you go through one of life's big moments – such as getting married, buying a house, sending a child off to college, or entering retirement. In addition, they don't just consider your immediate financial goals but also those of your spouse, children and potentially even the generations to follow.

For example, you and your loved ones may be considering the potential outcome and financial impact of such issues as:

- Who would care for and make decisions about my family and my wellbeing if I couldn't?
- Am I prepared if I find myself unemployed later in life—ahead of when I expected?
- Has my lifestyle changed recently?
- What are the things that are most important to me and my family and what should I share with my advisor to receive the best advice that I can?

Having an experienced human advisor guide you through these life-defining moments can bring tremendous value.

Old world

Growth	Conservative
Income	Moderate
Balanced	Aggressive

New world

Tax management	Values-based investing	Individual security ownership	Diversify concentrated positions
Factor tilts	Faith-based preferences	Security restrictions	Tax-efficient transitions
Income	Theme-based restrictions	Automated customizations	State-specific tax considerations
Accommodate changing needs	Charitable giving	Coordination across portfolios	Personalized transition planning

Hypothetical scenario for illustrative purposes only.

T is for Tax-smart planning & investing

When it comes to investing, it's not what you make. It's what you get to keep. Your advisor can help you navigate the complex world of taxable and non-taxable accounts, the best way of withdrawing from your portfolio without triggering taxes, and so on.

Taking a tax-managed approach to investing and incorporating strategies designed to help reduce the impact of taxes may help you achieve better outcomes. We believe it's important to take a long-term view when building wealth. At the heart of this belief is the power of compounding returns. Maximizing after- tax returns can play a big role here. Since you don't pay taxes until you realize gains, deferring taxes into the future has the potential to significantly compound returns.

Taxes on your investment portfolio are varied and can be complicated to understand. If you invested in individual stocks, you will likely be taxed on the capital gains (as well as investment income) that were realized over the year. If you invested in either mutual funds or exchange-traded funds (ETFs), you 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 generally paid out every year whether markets go up or go down.

The more sophisticated your portfolio, the more likely you could face a complicated tax bill, including foreign dividends, interest income and so on.

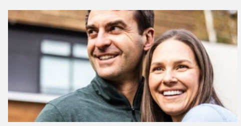
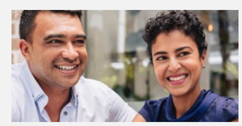
A tax-smart advisor, however, can minimize that tax bite and help you keep more of your portfolio's returns in your pocket. That money then becomes available to reinvest and to keep growing.

A tax-smart advisor can help ensure your investment portfolio is structured so that investments that attract high tax rates are held in tax-advantaged or qualified accounts, and use tax-managed funds or a direct indexing account to minimize taxes on non-qualified investments. Advisors can also keep abreast of developments in tax laws, a key consideration in 2025, with key provisions of the Tax Cuts and Jobs Act (TCJA) set to expire at the end of the year.

And that's why an advisor who embraces tax management can likely provide so much value to their clients. The table below shows the difference in after-tax returns on a $1 million portfolio for two couples – one not advised by a tax-smart advisor and one who is.

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. Your advisor can review your 1099-DIV tax form to see the different types of investment income you received. They can help you identify high tax-cost investments and can then take steps to help minimize your tax liabilities.

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%**

This slide is for illustrative purposes only and 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.

Why work with a financial advisor?

In an era of so much uncertainty, you may most appreciate having the peace of mind that your investments are helping you work toward your financial goals.

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

Or because you have been talked out of your natural impulse to flee the market when things got rough, and were there for the inevitable rebound.

Or perhaps because you are confident your advisor knows you and your family well enough to respect your wishes and plans.

And that you are confident your portfolio is optimized in a way that helps maximizes your after-tax wealth.

No matter what you look for in an advisor, we believe the services you receive hold significant value.

A for Asset allocation

+

B for Behavior coaching

+

C for Customized family wealth planning

+

T for Tax-smart planning & investing

Where to next?

Talk to your Financial Professional to learn more or visit **russellinvestments.com**.

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).

Bloomberg U.S. Municipal Bond Index: Covers the USD-denominated long term tax-exempt bond market.

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.

S&P 500® Index is an index, with dividends reinvested, of 500 issues representative of leading companies in the U.S. large cap securities 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.

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METHODOLOGY 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