Russell Investments

Personalized DI International SMA

Portfolio manager
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Investment objectives

The Personalized Direct Indexed (DI) International SMA seeks to provide long-term capital growth from non-U.S. developed markets stocks while delivering personalized investment outcomes by incorporating client-directed customization, e.g., tax management and custom screens. The strategy is designed to track the performance of the MSCI World ex USA (Net) Index.

Investment process

Russell Investment Management, LLC ("RIM") seeks to minimizing tracking error to the index while simultaneously incorporating any client directed personalization's. RIM's portfolio construction process optimizes the portfolio utilizing sampling with a multifactor risk model with quantitative and/or rules-based processes which incorporate various risk management controls to meet the separately managed accounts investment objective over a full market cycle.

Product details

Model inception date	06/01/2022
Benchmark	MSCI World ex USA (Net) Index
Minimum account size	$250,000
Typical holdings range	200–450

Composite performance (%) as of September 30, 2025

			Annualized				
	QTD	Year to Date	1 Year	3 Year	5 Year	10 Year	Since inception[1]
Pre-tax composite returns (gross of fees)[2, 3]	5.06	22.94	13.81	—	—	—	15.37
Pre-tax composite returns (net of fees)[2, 3, 4]	4.31	20.69	10.81	—	—	—	12.37
MSCI World ex USA (Net) Index[2]	5.33	25.34	16.03	—	—	—	17.15

[1]The composite was created on February 29, 2024.

[2]Returns less than one year are not annualized. Performance in this report represents the performance of PMA accounts that were funded in cash with no existing positions or account restrictions at inception.

[3]Composite includes cash-incepted fee-paying discretionary accounts with tax overlay services.

[4]Net of fees returns are reduced by all fees and transaction costs incurred and presented after the deduction of the highest annual wrap fee of 3%. This fee includes management fees, custody fees and advisory fees. Actual investment advisory fees incurred by clients may vary. Performance shown assumes reinvestment of dividends and capital gains distributions.

Performance quoted represents past performance and should not be viewed as a representation of future results. The investment return and principal value of an investment will fluctuate such that investments, when sold, may be worth more or less than the original cost. Post-liquidation returns may be adversely affected by an investor's deferred tax liabilities. Current performance may be lower or higher than the performance data quoted. Portfolios are managed to their respective strategies which may differ significantly in terms of holdings, industry weightings, and allocation from those of the benchmark. Portfolio performance, characteristics and volatility may differ from the benchmark. Unmanaged index returns assume reinvestment of any and all distributions, and unlike the performance composite returns, do not reflect fees, expenses and other expenses a client may incur. Investors cannot invest in an index.

Model/Benchmark portfolio characteristics[5]

	Model/Benchmark
Number of holdings	776
P/E ratio	19.29
P/B ratio	2.13
P/CF ratio	9.86
Dividend yield (%)	2.82
Weighted Average Market Cap (Millions in USD)	102,130.62

[5] The information presented is based on the model portfolio data and individual investors' portfolios may vary.

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Model/Benchmark top 10 holdings[6]

Security	Sector	% of Model/Benchmark
Asml Holding N.V.	Information Technology	1.73
Sap Se	Information Technology	1.26
Hsbc Holdings Plc	Financials	1.11
Roche Holding Ag	Health Care	1.08
Novartis Ag	Health Care	1.08
Nestle S.A.	Consumer Staples	1.07
Astrazeneca Plc	Health Care	1.05
Shell Plc	Energy	0.95
Banque Royale Du Canada	Financials	0.94
Siemens Aktiengesellschaft	Industrials	0.92

Model/Benchmark sector allocation (%)[6, 7]

	Model/Benchmark
Financials	26.12
Industrials	18.27
Health Care	9.51
Consumer Discretionary	9.38
Information Technology	8.69
Consumer Staples	7.08
Materials	6.74
Energy	4.72
Communication Services	4.44
Utilities	3.34
Real Estate	1.70

Model/Benchmark regional allocation (%)[6, 7]

Region	Model/Benchmark
Europe ex UK	46.30
Japan	19.66
United Kingdom	12.57
Canada	11.70
Australia & New Zealand	6.12
Asia-Pacific ex Japan	3.30
United States	0.22
Emerging Markets	0.12

[6]The information presented is based on the model portfolio data and individual investors' portfolios may vary. The information presented should not be considered a recommendation to purchase or sell any security. There is no assurance that any securities presented will remain in the model portfolio at the time you receive information, that securities sold have not been repurchased or the asset allocation will be the same. The securities presented do not represent an account's entire portfolio and in the aggregate may represent only a small percentage of an account's holdings. It should not be assumed that the securities holdings and allocations presented were or will prove to be profitable, or that the investment recommendations or decisions we make in the future will be profitable or will equal the investment performance of the securities presented herein.

[7]Due to rounding, totals may not equal to 100%.

Market Commentary

The U.S. economy is still adjusting to the effects of the widespread tariff hikes implemented earlier in the year. While GDP growth estimates for 3Q are in the 3.5% - 4.0% range, representing a rebound from 2Q, the overall trend is downward, with consensus growth expected towards 2.0% for the rest of the year. The tariffs will continue to weigh on growth through 2026, followed by mild rebound beginning in 2027 as the economy adapts and monetary policy eases. Inflation, which has cooled, could rise again depending of the impact of tariffs.

Europe is expected to see modest growth for the rest of the year with continued downside risks from trade tensions, energy costs and structural constraints like aging population and high public debt. Within Europe growth will be uneven. Portugal has upwardly revised its forecasts, while France has shaved it's forecasts due to political uncertainty. Inflation is forecasted to decline further towards the ECB's target, just under 2%.

Within Asia, India, Vietnam and the Philippines are expected to be drivers of growth while China's growth is forecast to slow to around the 4% range. There are concerns about further deceleration due to weaker external demand and structural headwinds. Overall, the region is still concerned with the potential for rising trade barriers, which could dampen export growth. Inflation appears to be easing in the area.

On balance, expectations are for slower but still positive growth in the remainder of the year, reflective of a "soft-landing" scenario. Still, we continue to believe that macroeconomic uncertainty remains elevated, and we cannot rule out the possibility of a recession, although the likelihood is lower.

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Key terms

P/E ratio: The ratio of the company's share price to the company's earnings per share

P/B ratio: The ratio of the company's share price to the company's book value per share

P/CF ratio: The ratio of the company's share price to the company's cash flow per share

Dividend yield: The ratio of the dividend payment per share relative to the share price

Important risk 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.

Indexes and/or benchmarks are unmanaged and are provided for general comparison purposes only. They cannot be invested in directly. Returns represent past performance, and are not a guarantee of future performance, and are not indicative of any specific investment.

Important information

Russell Investment's Personalized Managed Accounts (PMA) program claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Russell Investment's Personalized DI International SMA has been independently verified for the period through 12/31/2023. The verification report(s) is/are available upon request. A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. Verification does not provide assurance on the accuracy of any specific performance report.

A list of composite descriptions is available upon request. The firm's policies for valuing investments, calculating performance, and preparing GIPS Reports are available upon request.

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All performance results are presented in the US dollars.

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MSCI World ex USA Index: Index captures large and mid cap representation across 22 of 23 Developed Markets countries—excluding the United States. With 1,008 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.

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