Russell Investments

Personalized DI Large Cap SMA

Portfolio manager

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Investment objectives

The Personalized Direct Indexed (DI) Large Cap SMA seeks to provide long-term capital growth from U.S. large cap stocks while delivering personalized investment outcomes by incorporating client-directed customization, e.g., tax management, category and theme-based restrictions, and custom screens. The strategy is designed to track the performance of the S&P 500® 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	01/01/2021
Benchmark	S&P 500® Index
Minimum account size	$100,000
Typical holdings range	200–350

Composite performance (%) as of June 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]	10.93	6.01	14.83	19.24	—	—	9.20
Pre-tax composite returns (net of fees)[2, 3, 4]	10.18	4.51	11.83	16.24	—	—	6.20
S&P 500® Index[2]	10.94	6.20	15.16	19.71	—	—	9.48

[1]The composite was created on December 31, 2021.

[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[4]

	Model/Benchmark
Number of holdings	503
P/E ratio	29.37
P/B ratio	5.21
P/CF ratio	19.8
Dividend yield (%)	1.49
Weighted Average Market Cap (Millions in USD)	1,144,798.80

[4] 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[5]

Security	Sector	% of Model/Benchmark
Nvidia Corporation	Information Technology	7.34
Microsoft Corporation	Information Technology	7.04
Apple Inc.	Information Technology	5.84
Amazon.Com, Inc.	Consumer Discretionary	3.95
Alphabet Inc.	Communication Services	3.54
Meta Platforms, Inc.	Communication Services	3.05
Broadcom Inc.	Information Technology	2.47
Berkshire Hathaway Inc.	Financials	1.7
Tesla, Inc.	Consumer Discretionary	1.7
Jpmorgan Chase & Co.	Financials	1.53

Model/Benchmark sector allocation (%)[5, 6]

	Model/Benchmark
Information Technology	33.11
Financials	14.03
Consumer Discretionary	10.37
Communication Services	9.77
Health Care	9.32
Industrials	8.58
Consumer Staples	5.50
Energy	2.97
Utilities	2.39
Real Estate	2.04
Materials	1.88

[5]*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.*

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

Market Commentary

The MSCI World Net Index increased by 11.5% (USD) in a volatile but ultimately positive quarter for global equities as fears over aggressive US tariffs receded. All markets recorded gains, most in double-digits, rebounding from weakness in April. Canada and Asia Pacific led while the UK lagged. After reaching a new record high mid-June the global index dropped following Israel's military strikes on Iran. However, sentiment lifted following a US-brokered ceasefire, sending equities higher. Oil prices were volatile, soaring on fears of supply disruptions in the Middle East but fell back on the fragile truce. Amid the market nervousness gold reached a new high. The European Central Bank (ECB) cut rates by 25 basis points (bps) in April, and again in June when it indicated it was approaching the end of its rate-cutting cycle. The Federal Reserve (Fed) left interest rates unchanged while the Bank of England (BoE) cut its main rate in May by 25 bps to 4.25% but left rates unchanged in June.

US equities recorded double-digit gains ending the quarter slightly behind the global index, rebounding from losses in April. Technology names (Seagate Technology Holdings, Broadcom, Palantir) were the standout performers. In contrast, energy lagged (Texas Pacific Land Corp, Halliburton, Schlumberger). Investor sentiment was helped by solid quarterly earnings results from some large US corporates. Shares fell in April amid a "sell the US" trend in response to President Trump's "Liberation Day" tariff policies. Although equities soared following the announcement of a 90-day tariff pause, fresh anxieties were triggered by Trump's criticism of the Fed chair, Jerome Powell. Later global markets were encouraged by signs of de-escalating tensions between the US and China as well as Trump saying he had "no intention" of removing Powell from his role. In May market sentiment was boosted by a 90-day delay on tariffs for Chinese goods. Positive sentiment pushed the S&P 500 to a new record high at quarter-end, boosted by a ceasefire agreement between Israel and Iran. Investors were also encouraged by reports of a US-China trade deal and by encouraging inflation figures. Headline inflation was weaker than expected in April. Although May's headline inflation increased to 2.4% from April's 2.3%, it was in line with market forecasts. Core inflation was unchanged at 2.8% versus the 2.9% expectation. Fresh economic data indicated a gradually cooling labour market which strengthened expectations of further rate cuts by the Fed. Meanwhile, US consumer sentiment rebounded in May after five straight months of declines. Elsewhere, purchasing managers' index (PMI) data improved in May. Services activity dipped in June, which pulled the composite down, but all three metrics remained in expansionary territory.

European equities outperformed the global index and most other regions, benefitting from a weakening USD while gains were less impressive in local currency terms. Real estate (Vonovia) was the best-performing sector. Industrials also did well (Siemens Energy, Rheinmetall). Market sentiment was boosted in April by the ECB rate cut and indications of further cuts to come. Signs of easing inflation and an improving economic outlook also helped lift sentiment. Fresh data showed the eurozone economy expanded by 0.4% in the first quarter, double the estimate and the previous quarter's growth. This was later revised upward to 0.6%. In Germany, business morale strengthened following parliamentary approval of higher defence spending and a €500 billon infrastructure programme. Positive momentum sent Germany's DAX index to a record high mid-May, the first major European index to recoup losses triggered by President Trump's tariff threats. Later that month, President Trump delayed his proposed 50% tariff on imports to the US from the EU, which helped sentiment. This followed an agreement to negotiate with European Commission President Ursula von der Leyen ahead of a new July 9th deadline. In the economy, eurozone headline inflation fell to 1.9% YoY in May from 2.2%, below market forecasts of 2.0%. Core inflation fell to 2.3% from 2.7%. Elsewhere, bank lending to households in the region beat estimates in April in the fastest pace of growth since May 2023.

UK equities underperformed the global index and other markets. Industrials (Babcock) and telecoms were the best-performing sectors, while health care (AstraZeneca) and energy (BP) lagged, recording losses. Sentiment was boosted in May following reports of a trade deal between the US and UK, the first such agreement. A further deal was announced at the G7 Summit in June, which reduced US tariffs on cars (within a quota limit) and removed tariffs on aerospace goods. Chancellor

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Rachel Reeves announced a three-year spending review, prioritising investments in health, defence and infrastructure. Although preliminary data showed the economy expanded by 0.7% QoQ in the first quarter, GDP contracted 0.3% in April, down more than expected, driven by reduced services output and lower exports to the US. Both manufacturing and industrial production fell more than forecast in April. Additionally, unemployment hit a four-year high, growth in earnings slowed and weakening retail sales signalled a cooling economy. Inflation jumped in April to 3.5% YoY from 2.6%, before falling to 3.4% YoY in May. Core inflation matched forecasts in May at 3.5%, down from 3.8%. Meanwhile, May PMIs were revised higher, which pushed the composite to 50.3, entering expansionary territory. Preliminary PMIs for June were also positive with the composite and manufacturing PMIs above expectations and services in line with forecasts.

Japan slightly underperformed the global index. Communication services and information technology were the best performers while energy names recorded losses. Shares plunged following “Liberation Day” but later recovered when President Trump paused tariffs. Sentiment was later boosted by signs of progress between the US and China as well as ongoing trade talks between Tokyo and Washington.

Most EM markets recorded gains over the quarter. South Korea was the best-performing market followed by Greece and Taiwan. South Korea’s main index, the Kospi, hit a three-and-a-half-year high in June as investors were encouraged by the government’s efforts on trade talks after it established a special task force under the trade minister to expedite negotiations with the US. Investors also welcomed plans by the new leftwing government led by President Lee Jae-myung to implement corporate governance reforms with the aim of providing more protection for shareholders and raising low equity valuations. One of the stated goals is for the Kospi index to reach 5,000 during the president’s 5-year term (3,072 as at 30 June). In addition, the government proposed increased spending to improve growth. Taiwan’s equity market return benefitted from the new Taiwan dollar appreciating versus the US dollar. It also gained from its focus on technology, notably TSMC’s dominance in semiconductors. At a technology show in Taiwan’s capital, Taipei, Nvidia’s CEO Jensen Huang outlined a new local base to be built in the city and reaffirmed his commitment to the country. Among the worst performers were China, Thailand and Saudi Arabia. In China, trade tensions with the US and a weak economy dampened demand for mainland-listed equities. Optimism that the government would introduce more stimulus measures to boost the economy and the country’s financial markets faded with no new proposals. In Thailand growing political unrest and a lack of progress on trade talks with the US weighed on sentiment. The withdrawal of the coalition’s second-largest party dealt a blow to Prime Minister Paetongtarn Shinawatra, who holds a slim parliamentary majority. Saudi Arabia’s market was impacted by a prolonged period of lower oil prices.

In developed markets, growth was the best-performing style, outperforming value in contrast to the previous quarter. Momentum was also strong. In the US large-caps rallied sharply. In Europe, the UK and emerging markets small and mid-caps significantly outperformed large caps. High dividend yielding names and minimum volatility stocks lagged, out of favour during the period as investors’ risk appetite recovered.

As market optimism returned following positive signs on trade negotiations riskier assets rallied. In this environment, information technology (+23.2%) was the best-performing sector, followed by communication services (+19.1%). Among the best performers were some US big tech stocks. Nvidia’s shares climbed after the company reported a 70.0% rise in quarterly revenues and issued an optimistic outlook. The shares reached a new high later following a bullish outlook at the annual shareholder meeting. Palantir Technologies’ shares soared after it raised guidance on results that beat analyst expectations, boosted by rising revenues from US government contracts. Industrials (+14.9%) also fared well over the period. Siemens Energy shares rose after the company upgraded its revenue forecasts citing huge demand for electricity. Energy (-5.0%) and health care (-4.1%) were the worst-performing sectors. Energy names were impacted by lower crude oil prices, increased supply from OPEC and trade tensions. Health care was dragged down by uncertainty over future drug pricing and cuts to federal agency funding. Notably, UnitedHealth’s shares sank after it suspended its full-year outlook and announced the departure of its CEO.

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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.

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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 Large Cap 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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