Russell Investments

Personalized Large Cap SMA

Portfolio manager
Nick Haupt, CFA

Investment objectives
The Personalized Large Cap SMA seeks to provide long-term capital growth from U.S. large cap stocks while delivering customized investment outcomes by incorporating client-directed customization, e.g., tax management, category and theme-based restrictions, and custom screens. The strategy is designed to outperform the S&P 500® Index over a full market cycle.

Investment process
Russell Investment Management, LLC ("RIM") selects the money managers and optimizes the portfolio utilizing quantitative and/or rules-based processes. RIM's portfolio construction process seeks to achieve the desired level of concentration, appropriate risk management, and exposure to strategic and tactical sources of excess return intended to meet the separately managed accounts investment objective over a market cycle.
The underlying money managers are unaffiliated with RIM and have non-discretionary asset management assignments pursuant to which they provide a model portfolio to RIM representing their investment recommendations.

**Managers listed here are current as of 06/30/2025. These money managers are unaffiliated with Russell Investment Management, LLC ("RIM") and have non-discretionary asset management assignments pursuant to which they provide a model portfolio to RIM representing their investment recommendations. RIM may change portfolio asset allocation at any time, including not allocating portfolio assets to one or more money manager strategies or securities within a money manager's model portfolio.*

Product details

Model inception date	01/01/2021
Benchmark	S&P 500® Index
Minimum account size*	$80,000–$100,000
Typical holdings range	80

**The minimum account size varies by platform.*

Composite performance (%) as of June 30, 2025

	Quarterly	Year to Date	Annualized 1 Year	3 Year	5 Year	10 Year	Since inception[1]
Pre-tax composite returns (gross of fees)[2, 3]	11.79	6.40	13.80	19.34	—	—	9.57
Pre-tax composite returns (net of fees)[2, 3, 4]	11.04	4.90	10.80	16.34	—	—	6.57
S&P 500 Index[2]	10.94	6.20	15.16	19.71	—	—	10.25

[1]The composite was created on August 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.

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Underlying managers and their investment strategies

Money manager*	Role	Year assigned
Brandywine Global Investment Management, LLC	Value	2019
Jacobs Levy Equity Management, Inc	Market-Oriented	2019
J.P. Morgan Investment Management, LLC	Large Cap Core	2022
William Blair Investment Management, LLC	Large Cap Growth	2022

- Brandywine is an opportunistic relative value manager that uses a process relying on fundamental analysis using quantitative screens and internal research. The strategy focuses primarily on deep value stocks but may include certain moderately valued stocks when they have been in favor due to positive fundamental trends at the industry and/or company-specific level.
- Jacobs Levy uses a multi-factor model to seek to exploit three areas of market inefficiency: economic, psychological and company level valuation. The portfolio provides exposures based on intensive modeling, financial research and behavioral theory, along with quantitative and statistical methods in order to identify and benefit from market inefficiencies. The process seeks to disentangle reliable predictors of future stock price behavior and then build portfolios that will benefit from the future outperformance of those factors.
- J.P. Morgan seeks to add value by investing in the highest conviction stocks of JPM's central research, while managing unintended sources of risk. This should result in a portfolio with moderate tracking error and contribution to active risk primarily driven by specific risk, with limited active risk derived from sectors and risk factors. The investment approach seeks to invest in companies with above average forward growth prospects that are likely to generate superior returns by compounding earnings and cash flow. The portfolio managers do not focus on valuation multiple expansion as a source of excess returns.
- William Blair seeks to invest in stocks with high financial quality that are expected to generate sustainable, above market growth. The investment team expects to add value by investing in names that compound earnings growth at a higher rate than the market, while also participating in valuation multiple expansion of some investments in its "fallen quality growth" category.

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Model portfolio characteristics[4]

	Model	Benchmark
Number of holdings	80	503
P/E ratio	25.22	29.37
P/B ratio	4.95	5.21
P/CF ratio	17.82	19.80
Dividend yield (%)	1.20	1.49
Weighted Average Market Cap (Millions in USD)	1,304,984.62	1,144,798.80

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

.Model top 10 holdings[5]

Security	Sector	% of Model
Nvidia Corporation	Information Technology	8.93
Microsoft Corporation	Information Technology	7.98
Apple Inc.	Information Technology	6.42
Alphabet Inc.	Communication Services	5.46
Amazon.Com, Inc.	Consumer Discretionary	4.07
Meta Platforms, Inc.	Communication Services	3.87
Jpmorgan Chase & Co.	Financials	2.44
Broadcom Inc.	Information Technology	2.44
Eaton Corporation Public Limited Company	Industrials	2.42
Mckesson Corporation	Health Care	1.9

Model sector allocation (%)[5, 6]

Sector	Model	Benchmark
Information Technology	33.56	33.11
Financials	17.49	14.03
Communication Services	12.67	9.77
Health Care	12.33	9.32
Consumer Discretionary	10.19	10.37
Industrials	5.48	8.58
Consumer Staples	4.44	5.50
Energy	2.30	2.97
Materials	0.86	1.88
Real Estate	0.37	2.04
Utilities	0.31	2.39

[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.

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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 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.

Large Cap Managed Account Performance Commentary

During the quarter, the strategy outperformed relative to its benchmark, the S&P 500 Index. Factor bets were mixed, as tilts toward growth and momentum were tailwinds, while an overweight to cheaper names detracted. Sector positioning modestly detracted; overweight positions to health care and financials detracted but helped by positive contribution from underweight positions in the real estate and utilities sectors. Stock selection was rewarded, particularly within the financials, information technology, and consumer discretionary sectors.

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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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