INVESTING IN INFLATIONARY ENVIRONMENTS

First Quarter 2022

Russell Investments

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Bond investors should carefully consider risks such as interest rate, credit, default and duration risk. Greater risk, such as increased volatility, limited liquidity, prepayment, non-payment and increased default risk, inherent in portfolios that invest in high yield ("junk") bonds or mortgage-backed securities, especially mortgage-backed securities with exposure to sub-prime mortgages. Generally, when interest rates rise, prices of fixed income securities fall. Interest rates in the United States are at, or near, historic lows, which may increase a Fund's exposure to risks associated with rising rates. Investment in non-U.S. and emerging market securities is subject to the risk of currency fluctuations and to economic and political risks associated with such foreign countries.

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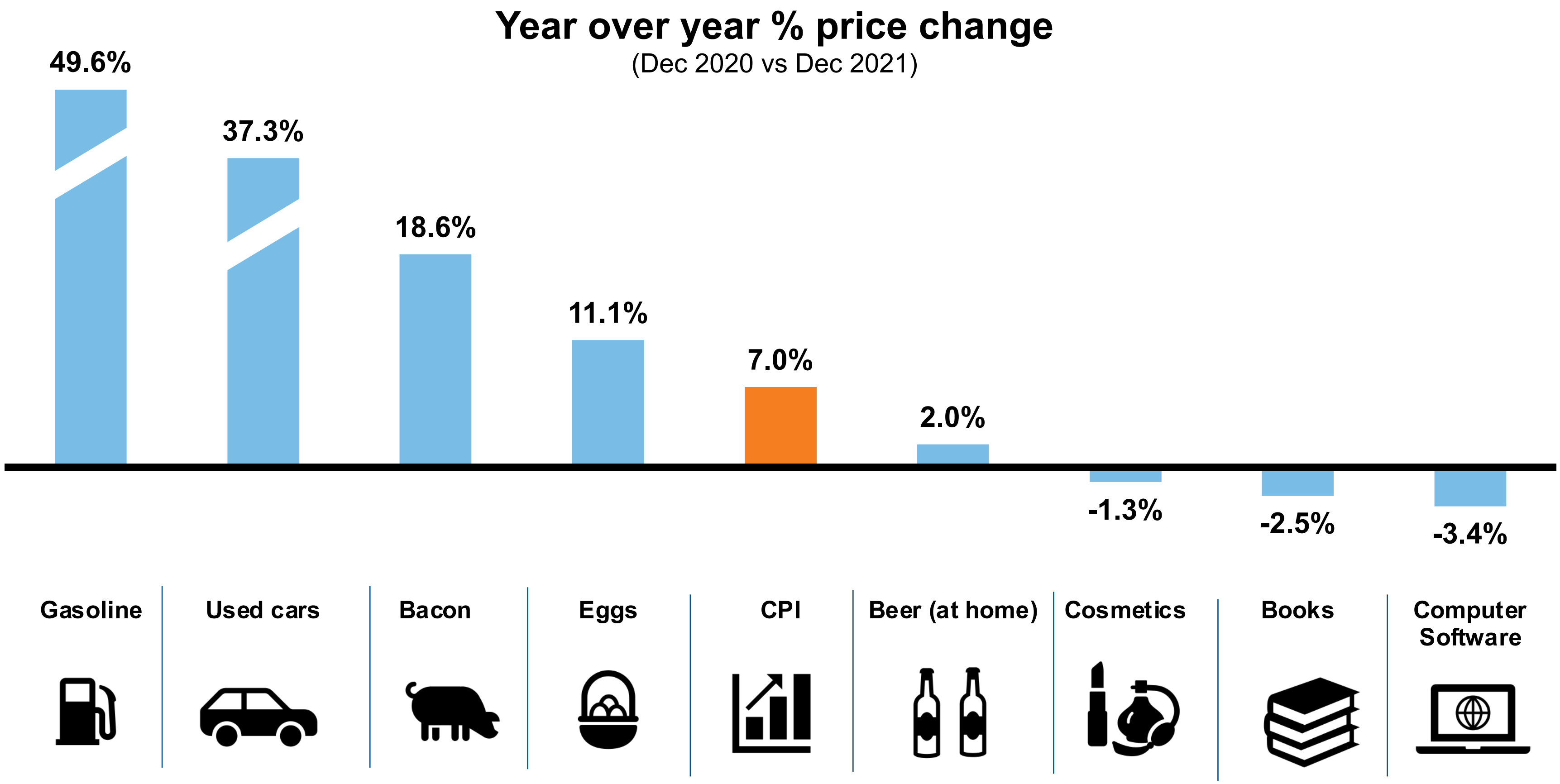
The price of nearly everything is higher

We're all feeling it

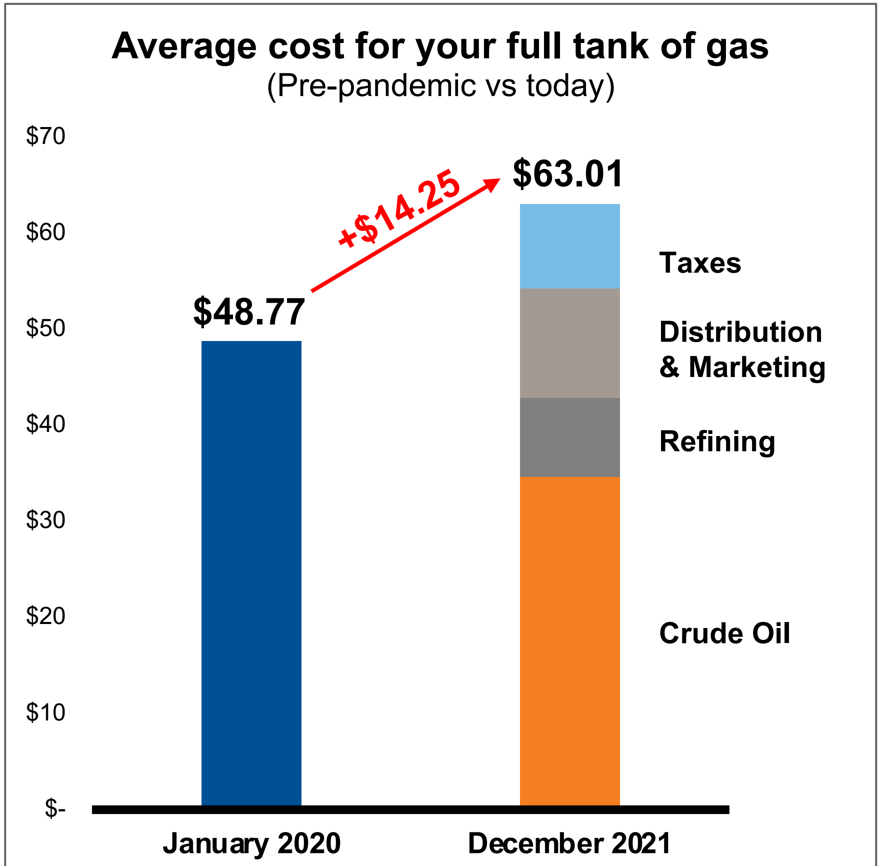


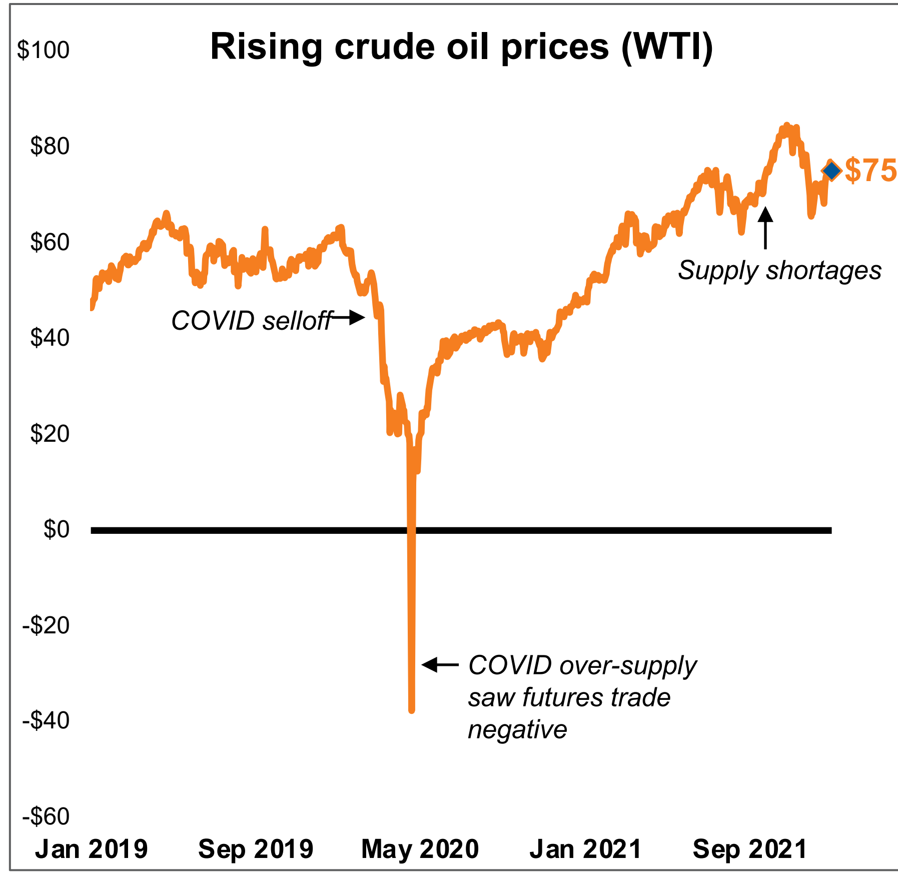
Consumers are feeling the pain of rising costs for new & used cars and many basic foods

Source: Bureau of Labor Statistics

Pain at the pump

Consumers are paying an extra $14 per tank on average





- The average cost to fill up at the gas pump is soaring across the country
- The price of West Texas Intermediate (WTI) surged past recent highs due to supply shortages, adverse weather and shipping delays

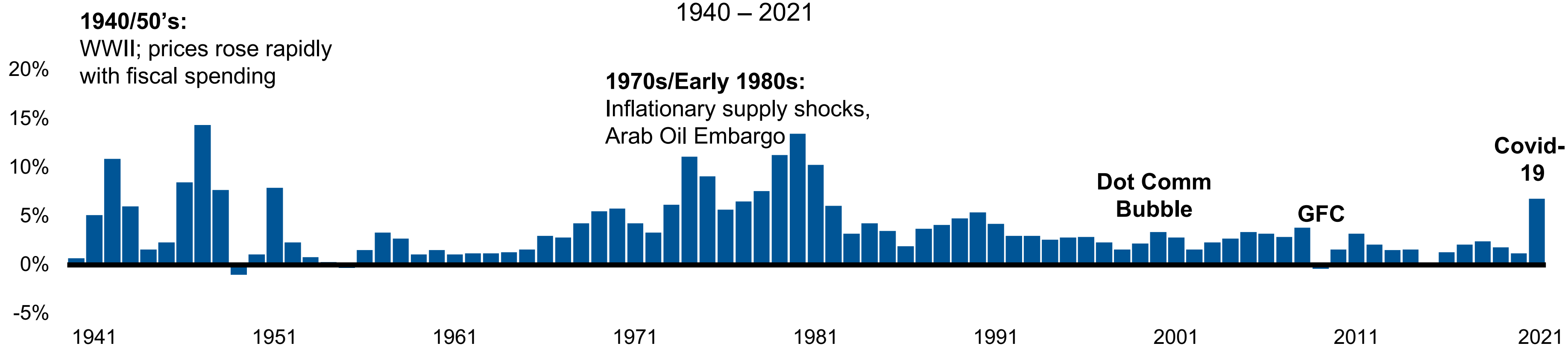
Source: U.S. Energy Information Administration (EIA)

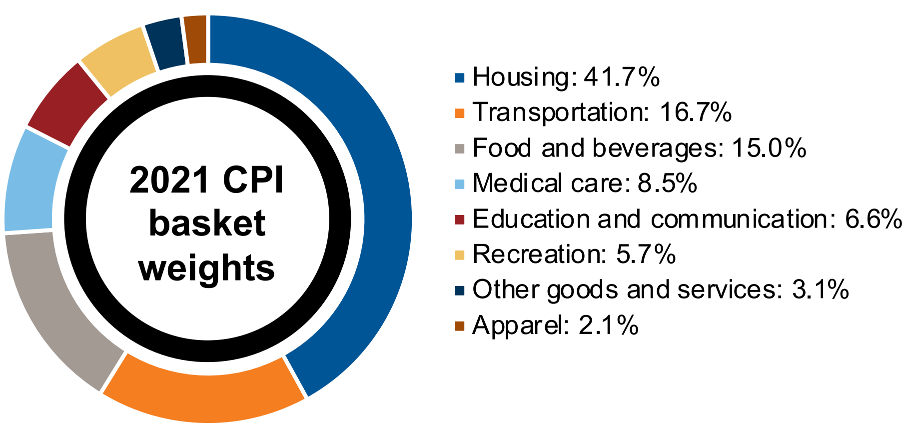
Inflation 101

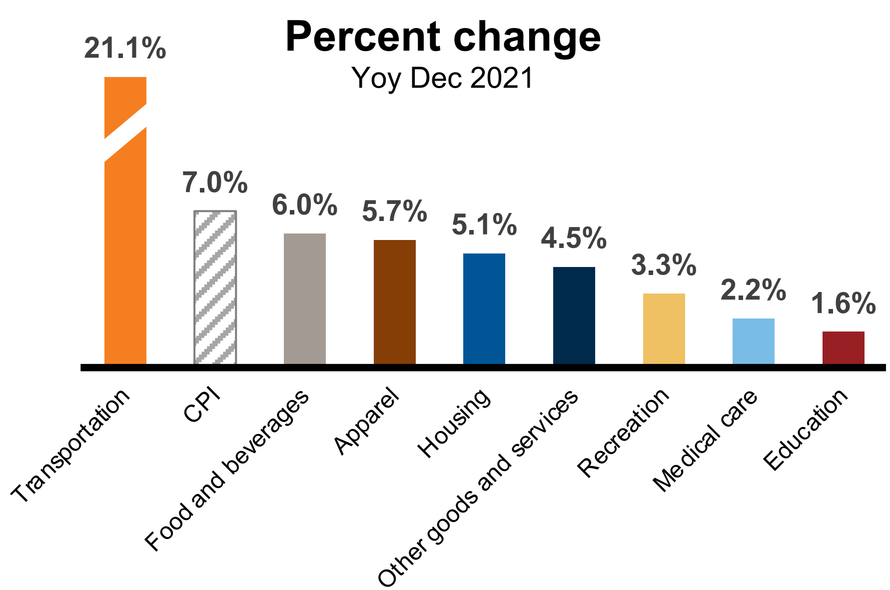
Components and impact to total number

Annual inflation rate

1940 – 2021



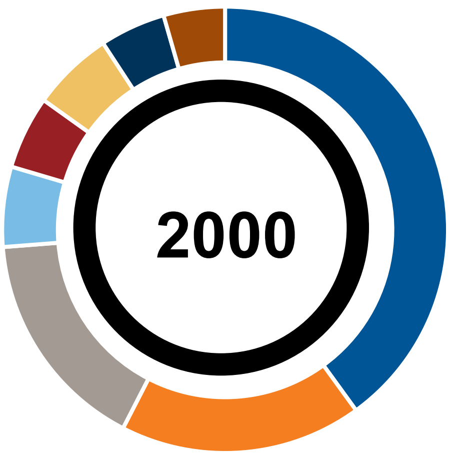




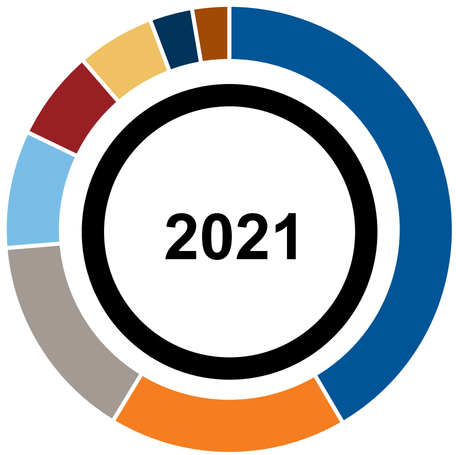
Source: Bureau of Labor Statistics. CPI Basket weights as of 11/30/2021.

How the CPI Basket has evolved

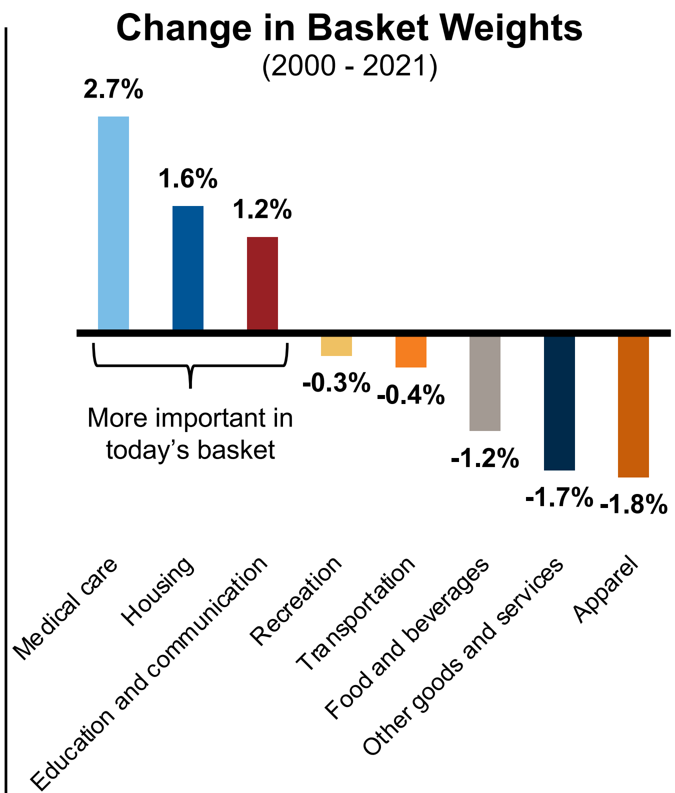
Relative importance of goods and services in consumer basket



- Housing - 40.0%
- Transportation - 17.6%
- Food and beverages - 16.2%
- Medical care - 5.8%
- Education and communication - 5.3%
- Recreation - 5.9%
- Other goods and services - 4.8%
- Apparel - 4.5%



- Housing: 41.6%
- Transportation: 17.1%
- Food and beverages: 15.0%
- Medical care: 8.5%
- Education and communication: 6.5%
- Recreation: 5.6%
- Other goods and services: 3.1%
- Apparel: 2.7%

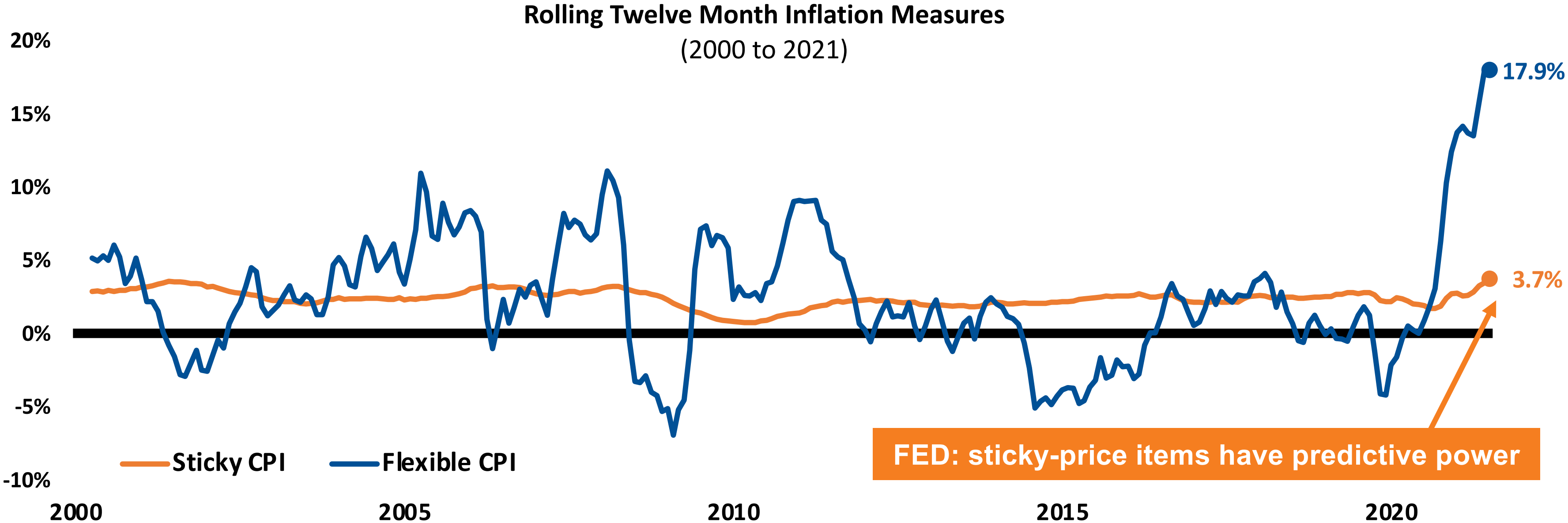


- Medical care, housing, education and communication all became more important to consumers over the past 20 years, while apparel and transportation carry less importance.
- iPhones, Netflix, App Store purchases and EVs did not exist in 2000.

Source: Bureau of Labor Statistics as of November 2021.

Sticky versus flexible price inflation

The Federal Reserve believes one better incorporates expectations



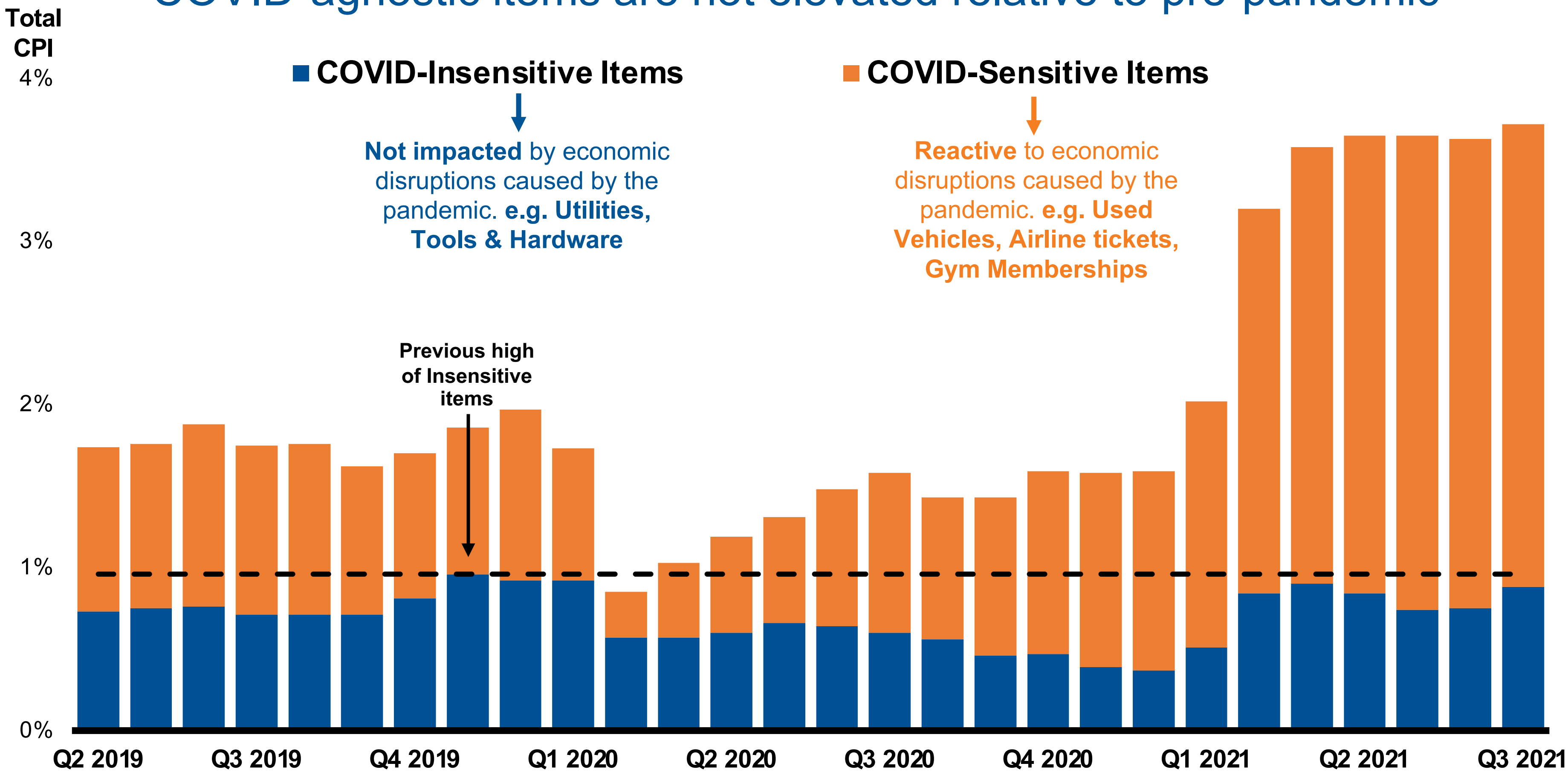
Measure	Description	Examples
Flexible-price items	Weighted basket of items that change price relatively frequently	▪ Car and truck rental ▪ Used cars and trucks ▪ Groceries & fuel
Sticky-price items	Weighted basket of items that slowly change price	▪ Rent of primary residence ▪ Utilities ▪ Public transportation

Recent inflation spikes have been driven by re-opening categories more sensitive to economic conditions, however, expectation is that these prices will stabilize.

Source: Federal Reserve Bank of Atlanta, Bureau of Labor Statistics

Temporary pandemic impacts

COVID-agnostic items are not elevated relative to pre-pandemic

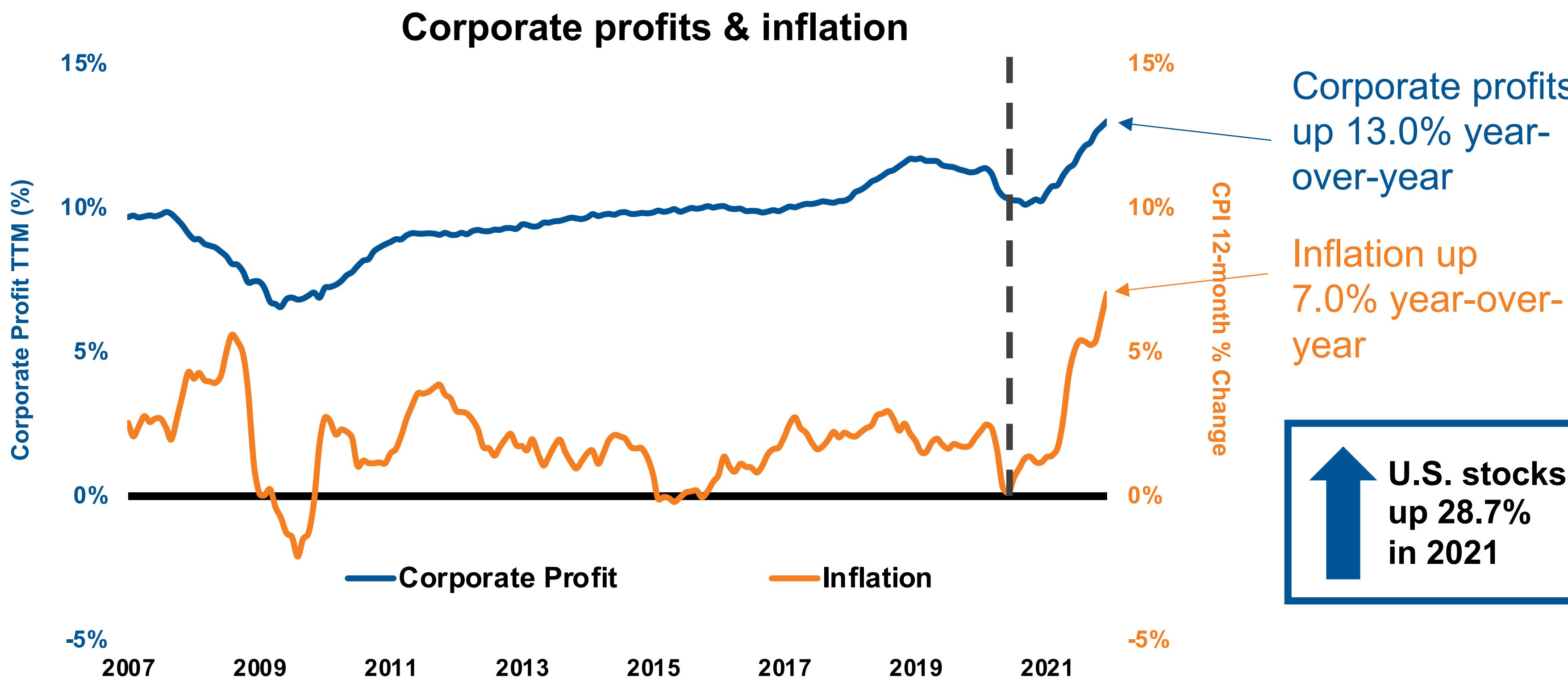


- High consumer prices in one area (e.g., gasoline) are often offset in other areas (e.g., dining out) in the short run.
- Good reason to believe short-term COVID-sensitive inflation does not persist as lockdowns are phased out, supply chain disruptions abate and larger forces, such as high debt levels & demographics, continue to moderate inflation expectations.

Source: San Francisco FED

Inflation, corporate profits and pricing power

What goes around, comes around



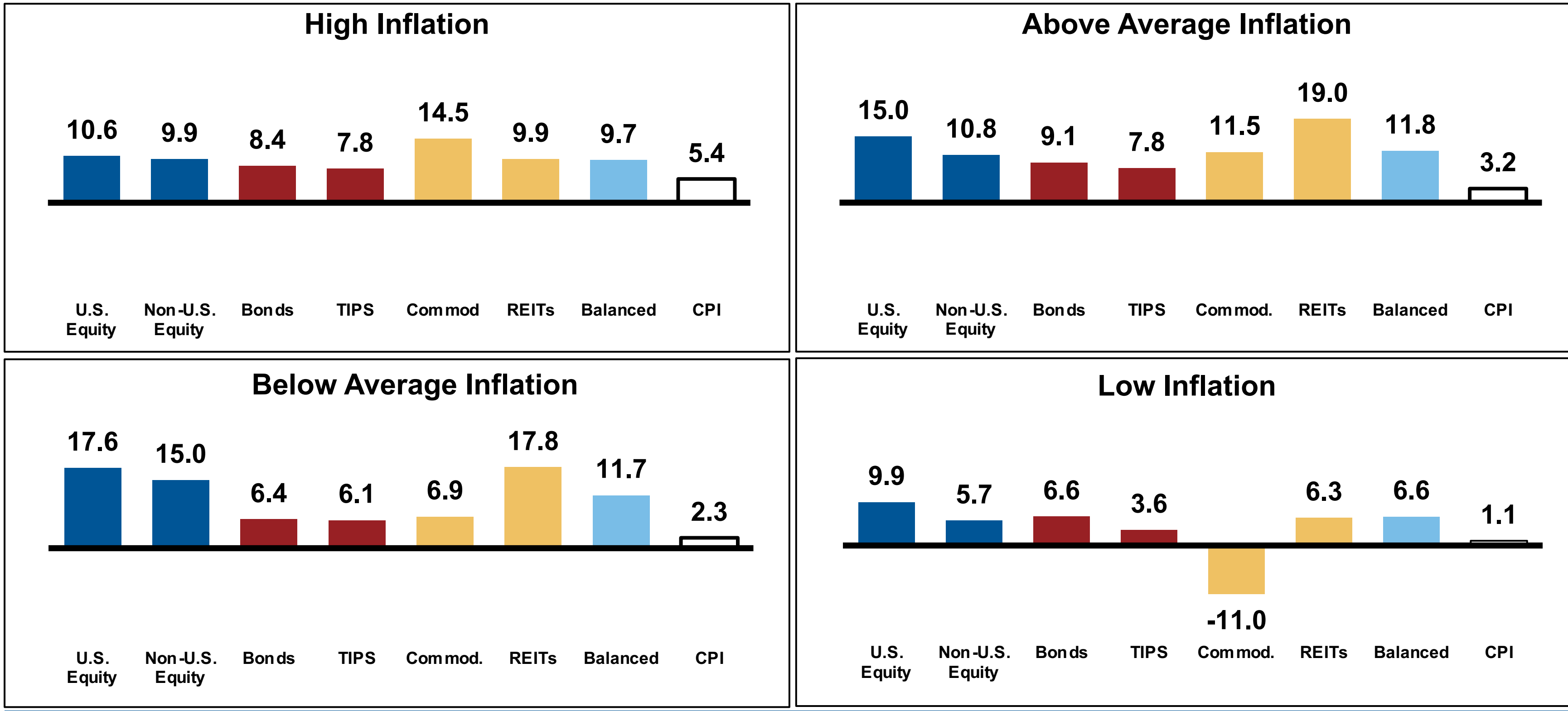
U.S. stocks up 28.7% in 2021

Many companies able to protect margins via efficiency gains and/or pricing power with consumers

Source: Bureau of Labor & Statistics, Morningstar & Refinitiv, January 2007 to December 2021. Corporate Profit: Net Profit Margin (TTM) of the MSCI USA Index. U.S. Stocks: Total return of the S&P 500 Index. CPI: U.S. Consumer Price Index.

Investing during inflationary periods

Annualized total returns (Jan. 1980 – Dec. 2021)



- During periods of high inflation, growth assets delivered strong returns, while commodities benefited most.
- During above average inflationary periods, REITs and U.S. equities led strong-performing growth assets.
- Over each inflationary environment different asset classes played its part in contributing to total portfolio returns with bonds acting as an important ballast.

Source: Bureau of Labor & Statistics and Morningstar Direct as of 12/31/2021. Inflationary environments are selected based on quartile, see appendix for methodology. U.S. E 3000® Index, Non-U.S. Equity: MSCI World ex-USA Index; Bonds: Barclays U.S. Aggregate Bond Index; REITs: FTSE NAREIT Equity Index; Commod.: Bloomberg Commodity Index, 1991 to Present and S&P Goldman Sachs Commodity Index Prior, TIPS; Bloomberg US Treasury US TIPS Index (Since 4/15/1998): Balanced 60/40: 30% U.S. Equity, 15% Non-U.S. Equity, 45% U.S. Bonds, 5% REITs, and 5% Commodities. 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. Inflationary periods are selected based on quartile, see appendix for methodology.

Investing during inflationary periods

History suggests diversify (since 1980)

High	Above Average	Below Average	Low
Commodity 14.5%	**REITs** 19.0%	**REITs** 17.8%	**U.S. Equity** 9.9%
U.S. Equity 10.6%	**U.S. Equity** 15.0%	**U.S. Equity** 17.6%	**U.S. Bonds 6.6%**
Non-U.S. Equity 9.9%	**Balanced 60/40** 11.8%	**Non-U.S. Equity** 15.0%	**Balanced 60/40** 6.6%
REITs 9.9%	**Commodity** 11.5%	**Balanced 60/40** 11.7%	**REITs** 6.3%
Balanced 60/40 9.7%	**Non-U.S. Equity** 10.8%	**Commodity** 6.9%	**Non-U.S. Equity** 5.7%
U.S. Bonds 8.4%	**U.S. Bonds** 9.1%	**U.S. Bonds** 6.4%	**TIPS*** 3.6%
TIPS* 7.8%	**TIPS*** 7.8%	**TIPS*** 6.1%	**CPI 1.1%**
CPI 5.4%	CPI 3.2%	CPI 2.3%	**Commodity** -11.0%

Environment	What happened?
High	▪ _Range_: Wide, 3.77%-12.52% ▪ Commodities and growth assets delivered strongest returns ▪ ***Current CPI falls in the lower range of this environment***
Above Avg.	▪ _Range_: Narrow, 2.74%-3.76% ▪ Growth assets, specifically REITs benefited most ▪ ***Environment we expect CPI to fall in 2022***
Below Avg.	▪ _Range_: Narrow, 1.76%-2.73% ▪ Growth assets, specifically REITs benefited most.
Low	▪ _Range_: Narrow, -2.10%-1.75% ▪ U.S. equities produced strong returns ▪ Bonds acted as a floor for balanced portfolios

Source: Bureau of Labor & Statistics and Morningstar Direct as of 12/31/2021. U.S. Equity: Russell 3000® Index, Non-U.S. Equity: MSCI World ex-USA Index; U.S. Bonds: Barclays U.S. Aggregate Bond Index; REITs: FTSE NAREIT Equity Index; Commodities: Bloomberg Commodity Index, 1991 to Present and S&P Goldman Sachs Commodity Index Prior, TIPS*; Bloomberg US Treasury US TIPS Index (Since 4/15/1998): 60/40 Balanced: 30% U.S. Equity, 15% Non-U.S. Equity, 45% U.S. Bonds, 5% REITs, and 5% Commodities. 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. Inflationary periods are selected based on quartile, see appendix for methodology. Inflationary periods are selected based on quartile, see appendix for methodology.

Important information and disclosures

RISKS OF ASSET CLASSES DISCUSSED IN THIS PRESENTATION:

Global, International and Emerging markets return may be significantly affected by political or economic conditions and regulatory requirements in a particular country. Investments in non-U.S. markets can involve risks of currency fluctuation, political and economic instability, different accounting standards and foreign taxation. Such securities may be less liquid and more volatile. Investments in emerging or developing markets involve exposure to economic structures that are generally less diverse and mature, and political systems with less stability than in more developed countries.

Real Assets: Investments in infrastructure-related companies have greater exposure to adverse economic, financial, regulatory, and political risks, including, governmental regulations. Global securities may be significantly affected by political or economic conditions and regulatory requirements in a particular country. Declines in the value of real estate, economic conditions, property taxes, tax laws and interest rates all present potential risks. Investments in international markets can involve risks of currency fluctuation, political and economic instability, different accounting standards, and foreign taxation.

Commodities: Commodities may have greater volatility than traditional securities. The value of commodities may be affected by changes in overall market movements, changes in interest rates or sectors affecting a particular industry or commodity, and international economic, political and regulatory developments.

Bonds: With fixed income securities, such as bonds, interest rates and bond prices tend to move in opposite directions. When interest rates fall, bond prices typically rise and conversely when interest rates rise, bond prices typically fall. When interest rates are at low levels there is risk that a sustained rise in interest rates may cause losses to the price of bonds. Bond investors should carefully consider these risks such as interest rate, credit, repurchase and reverse repurchase transaction risks. Greater risk, such as increased volatility, limited liquidity, prepayment, non-payment and increased default risk, is inherent in portfolios that invest in high yield ("junk") bonds or mortgage-backed securities, especially mortgage-backed securities with exposure to sub-prime mortgages. Investment in non-U.S. and emerging market securities is subject to the risk of currency fluctuations and to economic and political risks associated with such foreign countries. When interest rates are at low levels there is risk that a sustained rise in interest rates may cause losses to the price of bonds.

Small capitalization (small cap) investments involve stocks of companies with smaller levels of market capitalization (generally less than $2 billion) than larger company stocks (large cap). Small cap investments are subject to considerable price fluctuations and are more volatile than large company stocks. Investors should consider the additional risks involved in small cap investments.

Large capitalization (large cap) investments involve stocks of companies generally having a market capitalization between $10 billion and $200 billion. The value of securities will rise and fall in response to the activities of the company that issued them, general market conditions and/or economic conditions.

Although stocks have historically outperformed bonds, they also have historically been more volatile. Investors should carefully consider their ability to invest during volatile periods in the market.

Growth: Growth investments focus on stocks of companies whose earnings/profitability are accelerating in the short-term or have grown consistently over the long-term. Such investments may provide minimal dividends which could otherwise cushion stock prices in a market decline. A stock's value may rise and fall significantly based, in part, on investors' perceptions of the company, rather than on fundamental analysis of the stocks. Investors should carefully consider the additional risks involved in growth investments.

Value: Value investments focus on stocks of income-producing companies whose price is low relative to one or more valuation factors, such as earnings or book value. Such investments are subject to risks that the stocks' intrinsic values may never be realized by the market, or, that the stocks may turn out not to have been undervalued. Investors should carefully consider the additional risks involved in value investments.

An **Investment Grade** is a system of gradation for measuring the relative investment qualities of bonds by the usage of rating symbols, which range from the highest investment quality (least investment risk) to the lowest investment quality (greatest investment risk).

Gross domestic product (GDP) refers to the market value of all final goods and services produced within a country in a given period. It is often considered an indicator of a country's standard of living.

CPI Quartile Ranking & Asset Class Returns: The average asset class returns were calculated by segmenting corresponding U.S. Consumer Price Index (CPI) observations from 1/1/1970 to 11/30/2021 into quartiles, with "High Inflation" representing the top quartile of U.S. CPI observations, "Above Average Inflation" representing the 2nd quartile of U.S. CPI observations, "Below Average Inflation" representing the 3rd quartile of U.S. CPI observations and "Low Inflation" representing the bottom quartile of U.S. CPI observations.

Index definitions

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. (specifically: Bloomberg Government/Corporate Bond Index, the Asset-Backed Securities Index, and the Mortgage-Backed Securities Index).

Bloomberg US Treasury US TIPS

Bloomberg Commodity Index Family: Represents the major commodity sectors within the broad index: Energy (including petroleum and natural gas), Petroleum (including crude oil, heating oil and unleaded gasoline), Precious Metals, Industrial Metals, Grains, Livestock, Softs, Agriculture and Ex-Energy. Also available are individual commodity sub-indexes on the 19 components currently included in the DJ-UBSCI℠, plus brent crude, cocoa, feeder cattle, gas oil, lead, orange juice, platinum, soybean meal and tin.

Bloomberg Commodity Index Total Return: Composed of futures contracts on physical commodities. Unlike equities, which typically entitle the holder to a continuing stake in a corporation, commodity futures contracts normally specify a certain date for the delivery of the underlying physical commodity. In order to avoid the delivery process and maintain a long futures position, nearby contracts must be sold and contracts that have not yet reached the delivery period must be purchased. This process is known as "rolling" a futures position.

BofA Merrill Lynch Global High Yield Index: Tracks the performance of USD, CAD, GBP and EUR denominated below investment grade corporate debt publicly issued in the major domestic or Eurobond markets.

Citigroup 1-3 Month T-Bill Index: An unmanaged index that tracks short-term U.S. government debt instruments.

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 all Equity Index: Measures the performance of the commercial real estate space across the U.S. economy offering exposure to all investment and property sectors.

The S&P 500® Index: A free-float capitalization-weighted index published since 1957 of the prices of 500 large-cap common stocks actively traded in the United States. The stocks included in the S&P 500® are those of large publicly held companies that trade on either of the two largest American stock market exchanges: the New York Stock Exchange and the NASDAQ.

The S&P Global Infrastructure Index: Provides liquid and tradable exposure to 75 companies from around the world that represent the listed infrastructure universe. To create diversified exposure across the global listed infrastructure market, the index has balanced weights across three distinct infrastructure clusters: Utilities, Transportation, and Energy.

S&P Global Natural Resources Index: The index includes 90 of the largest publicly-traded companies in natural resources and commodities businesses that meet specific investability requirements, offering investors diversified and investable equity exposure across 3 primary commodity-related sectors: agribusiness, energy, and metals & mining.

MSCI country indices: Indices which include securities that are classified in that country according to the MSCI Global Investable Market Index Methodology, together with companies that are headquartered or listed in that country and carry out the majority of their operations in that country.

MSCI Emerging Markets Index: A float-adjusted market capitalization index that consists of indices in 24 emerging economies.

MSCI World ex-USA Index

MSCI USA Index: A float-adjusted market capitalization index that is designed to measure the performance of the large and mid-cap segments of the US market. With 624 constituents, the index covers approximately 85% of the free float adjusted market capitalization in the U.S.

Economic Definitions

Market Indicators

HOME PRICES – The S&P/Case-Shiller Home Price Index is a measurement of U.S. residential real estate prices, tracking changes in top 20 metropolitan regions. This indicator value represents the trailing year over year % change in the home prices index as of last month-end. Residential real estate represents a large portion of the U.S. economy and the Home Price index helps us monitor the value of real estate.

MARKET VOLATILITY(VIX) – CBOE VIX (Chicago Board Options Exchange Volatility Index) measures annualized implied volatility as conveyed by S&P 500 stock index option prices and is quoted in percentage points per annum. For instance, a VIX value of 15 represents an annualized implied volatility of 15% over the next 30-day period. The VIX measures implied volatility, which is a barometer of investor sentiment and market risk.

10 YR. U.S. TREASURY YIELD – The yield on the 10-year U.S. Treasury note issued by the U.S. Government. It is important because it is seen as a benchmark for interest rate movements and borrowing costs in the economy.

YIELD SPREAD – The spread between 3-month Treasury bill yields and 10-year Treasury note yields measures the market outlook for future interest rates. A normal or upward-sloping yield curve, can imply that investors expect the economy to grow and inflation to eat into asset returns. They thus demand a higher yield for long-term Treasuries. An inverted yield curve has often been an indicator of coming recessions, but not always. For example, reduced inflation expectations could cause the yield curve to flatten.

Economic Indicators

CONSUMER SENTIMENT – The University of Michigan Survey of Consumer Sentiment Index is an economic indicator which measures the degree of optimism that consumers feel about the overall state of the economy and their personal financial situation.

ECONOMIC EXPANSION (GDP) – GDP (Gross Domestic Product) measures the total market value of a nation's output of goods and services during a specific time period. It is usually measured on a quarterly basis. Current GDP is based on the current prices of the period being measured. Nominal GDP growth refers to GDP growth in nominal prices (unadjusted for price changes). Real GDP growth refers to GDP growth adjusted for price changes. Calculating Real GDP growth allows economists to determine if production increased or decreased, regardless of changes in the purchasing power of the currency.

INFLATION – The Consumer Price Index (CPI) NSA (non-seasonally adjusted) measures changes in the price level of a market basket of consumer goods and services purchased by households. This indicator value represents the trailing year over year % change in the CPI index as of last month-end.

UNEMPLOYMENT – The Bureau of Labor Statistics measures employment and unemployment of all persons over the age of 15 using two different labor force surveys conducted by the United States Census Bureau (within the United States Department of Commerce) and the Bureau of Labor Statistics (within the United States Department of Labor) that gather employment statistics monthly. The data reported here is seasonally adjusted (SA) to account for seasonal gains in employment leading up to Christmas.