

Revisiting Core Principles

The Russell RAFI™ Index series utilizes fundamental measures of company size (adjusted sales, retained cash flow, and dividends plus buybacks) as a rebalancing anchor to trade against the constantly shifting expectations of the market.

This approach results in overweights to out-of-favor securities, which are often undervalued, and underweights to popular securities, which are often overvalued.

Over the short term, these exposures can cause relative performance to vary, but this simple, disciplined approach has historically outperformed the cap-weighted benchmark over the long-term.

As a rebalancing strategy that trades against recent winners, the Fundamental Index™ methodology will often face performance headwinds during periods of trending prices, sustained momentum, or extreme value underperformance - and benefit from performance tailwinds during periods of security mean reversion or value outperformance.

The Russell RAFI™ Global Select Real Estate Index is comprised of the global real estate companies and REITs in the Russell universe weighted by fundamentals at the time of reconstitution.

Performance

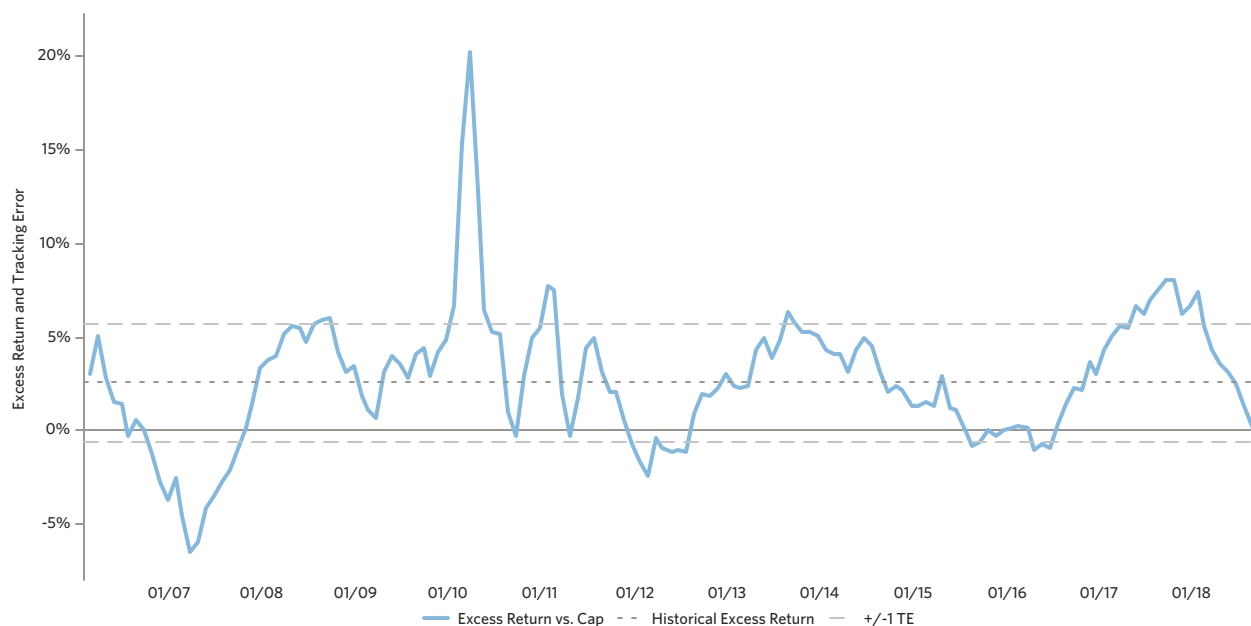
Exhibit 1:
Performance Table

Exhibit 2:
Rolling 1-Year Excess Returns

Exhibit 1: Performance Tableⁱ

	QTD	1-Yr	3-Yr	5-Yr	10-Yr	ITD*
Russell RAFI™ Global Select Real Estate Index	-1.5%	1.9%	10.8%	8.2%	9.1%	6.7%
FTSE EPRA/NAREIT Global	-0.8%	2.9%	7.8%	6.2%	6.7%	4.9%
Value Added	-0.7%	-1.0%	3.0%	2.0%	2.4%	1.8%
	--%	--%	--%	--%	--%	--%
Portfolio Standard Deviation		9.2%	11.0%	11.1%	22.1%	11.5%
Benchmark Standard Deviation		8.9%	10.8%	10.7%	20.5%	11.1%
Tracking Error		2.0%	1.9%	1.9%	3.3%	2.0%

Exhibit 2: Rolling 1-Year Excess Returnsⁱⁱ



i. Exhibit 1.
Performance derived from FactSet. All returns are total returns in USD. All returns greater than one year are annualized. Standard deviation and tracking error require a minimum of 1 year return history.
*Inception to Date (ITD) returns are calculated starting the first full month of returns following June 5, 2014.

ii. Exhibit 2.
Performance derived from FactSet. All returns are total returns in USD. Rolling 1-year excess returns and tracking error are calculated starting March 31, 2005. If applicable, strategy returns prior to inception are simulated. Inception date is June 5, 2014.

Portfolio Characteristics

The Russell RAFI™ Global Select Real Estate Index is attractively positioned relative to the cap-weighted benchmark.

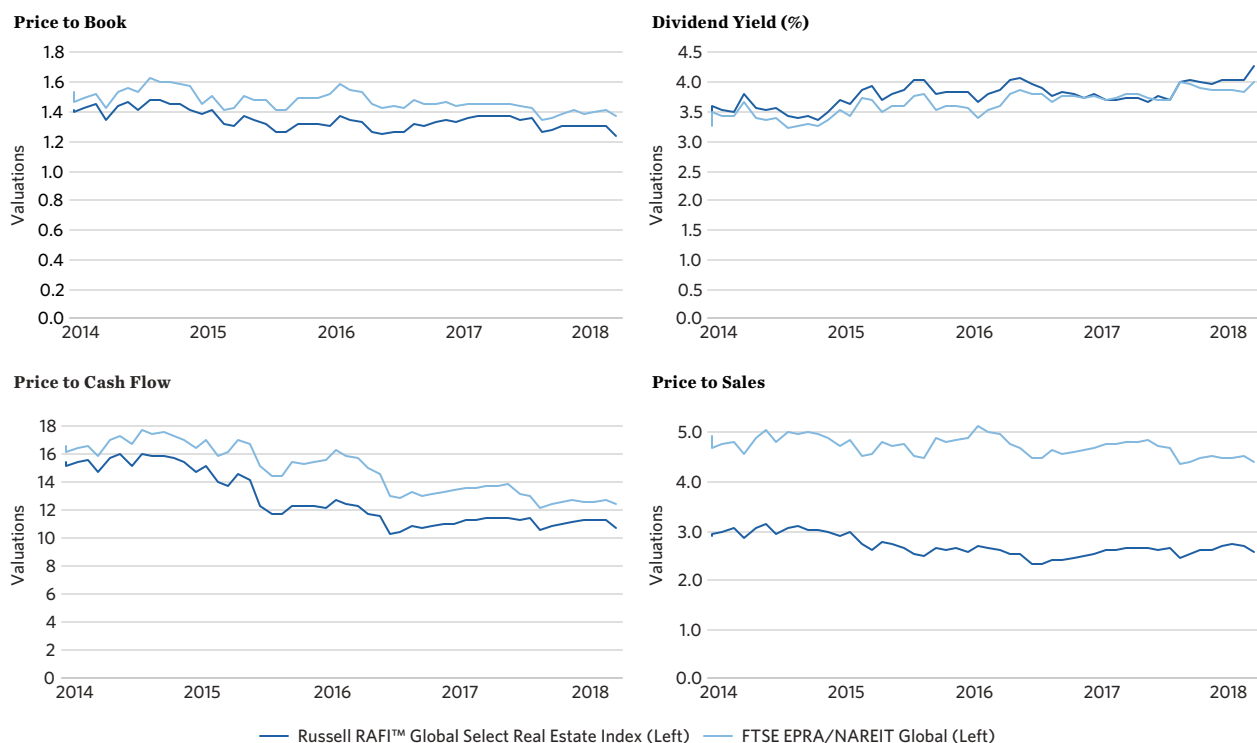
Exhibit 3:
Portfolio Characteristics

Exhibit 4:
Historical Portfolio Characteristics

Exhibit 3: Portfolio Characteristicsⁱ

	Number of Holdings	Active Share	Price to Sales	Price to Cash Flow	Price to Book	Div. Yield	Market Cap. (Billions)	Sharpe Ratio*	Info. Ratio*	Tracking Error*
Russell RAFI™ Global Select Real Estate Index	308	32.1	2.6	10.8	1.2	4.3%	15	0.53	0.91	2.0%
FTSE EPRA/NAREIT Global	485	--	4.5	12.6	1.3	4.0%	14	0.39	--	--

Exhibit 4: Historical Portfolio Characteristicsⁱⁱ



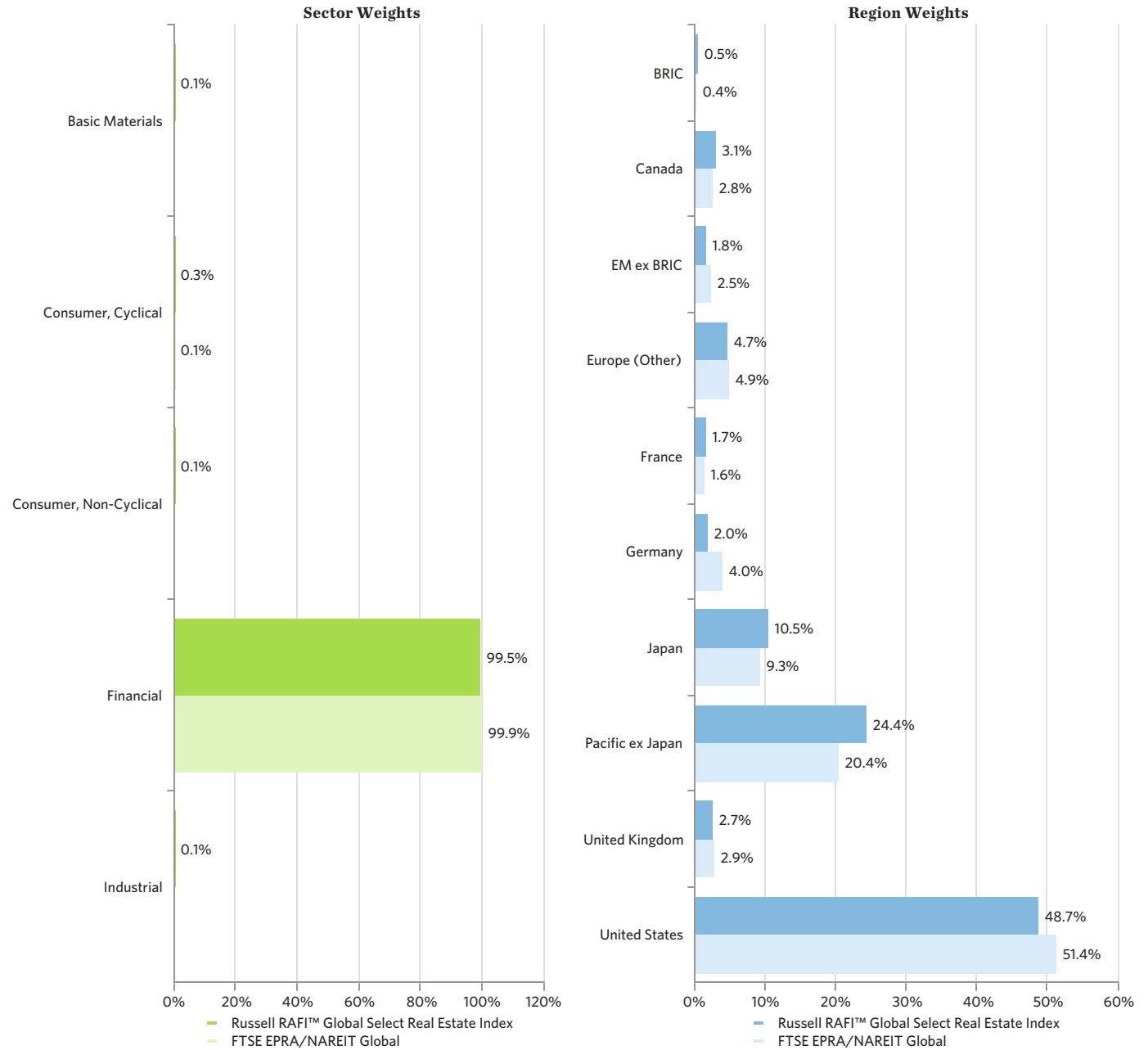
i. Exhibit 3.
Portfolio characteristics data derived from FactSet.
*Sharpe Ratio, Information Ratio, and Tracking Error are calculated starting the first full month of returns following June 5, 2014. Minimum 1-year return history. The 3-mo US Treasury Bill return is used as a proxy for risk-free rate. If applicable, strategy returns prior to inception are simulated. Inception date is June 5, 2014.

ii. Exhibit 4.
Portfolio characteristics derived from FactSet. Data prior to strategy inception is simulated. Strategy inception is June 5, 2014.

Current Position

Exhibit 5: Sector and Region Weightsⁱ

Exhibit 5:
Sector and Region Weights



i. Exhibit 5.
Portfolio characteristics data derived from FactSet.



Current Position

Exhibit 6: Top 10 Holdings

Exhibit 7: Top Over/Underweights

Exhibit 6: Top 10 Holdingsⁱ

Russell RAFI™ Global Select Real Estate Index vs. FTSE EPRA/NAREIT Global					
Index	Weights	1-Yr Perf.	Benchmark	Weights	1-Yr Perf.
Simon Property Group	2.7%	14.7%	Simon Property Group	3.8%	14.7%
Sun Hung Kai Properties Limited	2.0%	-6.9%	Prologis, Inc.	3.0%	9.8%
Mitsui Fudosan Co., Ltd.	2.0%	12.4%	Public Storage	2.1%	-1.5%
Welltower, Inc.	1.8%	-3.5%	Unibail-Rodamco-Westfield	1.9%	--%
Unibail-Rodamco-Westfield	1.7%	--%	Vonovia SE	1.8%	19.7%
Host Hotels & Resorts, Inc.	1.6%	19.0%	AvalonBay Communities, Inc.	1.7%	4.9%
American Tower Corporation	1.5%	9.1%	Welltower, Inc.	1.7%	-3.5%
Ventas, Inc.	1.4%	-12.0%	Equity Residential	1.7%	4.1%
Mitsubishi Estate Company	1.4%	-1.4%	Digital Realty Trust, Inc.	1.6%	0.3%
Equity Residential	1.4%	4.1%	Mitsui Fudosan Co., Ltd.	1.6%	12.4%

Exhibit 7: Top Over/Underweightsⁱ

Russell RAFI™ Global Select Real Estate Index vs. FTSE EPRA/NAREIT Global					
Top Overweights	Active Weights	1-Yr Total Effect	Top Underweights	Active Weights	1-Yr Total Effect
American Tower Corporation	1.5%	0.1%	Prologis, Inc.	-1.6%	-0.1%
Crown Castle International	1.3%	0.1%	Simon Property Group	-1.1%	-0.1%
Lendlease Group	1.1%	0.0%	Public Storage	-1.1%	0.1%
Daito Trust Construction Co., Ltd.	1.1%	-0.4%	Vonovia SE	-0.9%	-0.1%
Iron Mountain, Inc.	1.1%	-0.1%	Link Real Estate Investment Trust	-0.8%	-0.1%
CBRE Group, Inc. Class A	0.7%	0.1%	AvalonBay Communities, Inc.	-0.8%	0.0%
Equinix, Inc.	0.7%	0.0%	Deutsche Wohnen SE	-0.8%	-0.1%
CoreCivic, Inc.	0.7%	0.0%	Digital Realty Trust, Inc.	-0.7%	0.0%
Sun Hung Kai Properties Limited	0.6%	-0.1%	Realty Income Corporation	-0.7%	0.0%
Wheelock & Co. Ltd.	0.6%	-0.1%	Essex Property Trust, Inc.	-0.6%	0.0%

i. Exhibit 6, Exhibit 7.

Portfolio characteristics and securities data derived from FactSet. 1-Yr Total Effect is calculated using a holdings based attribution, and measures the impact that a security had on relative performance. It is a function of the active weight of a company as well as that company's performance versus the overall benchmark.



Attribution

Exhibit 8: Sector Attribution

Exhibit 9: Region Attribution

Exhibit 8: Sector Attributionⁱ

1-Quarter Ending 09/30/2018

Sector	Portfolio Weight	Bench. Weight	Sector Excess Return	Allocation Effect	Selection + Interaction Effect	Total Effect
Basic Materials	0.08%	--%	-6.63%	0.00%	-0.01%	0.00%
Consumer, Cyclical	0.30%	0.09%	8.69%	0.01%	0.01%	0.02%
Consumer, Non-Cyclical	0.08%	--%	1.62%	0.00%	0.00%	0.00%
Financial	99.45%	99.91%	-0.83%	0.00%	-0.75%	-0.75%
Industrial	0.09%	--%	0.23%	0.00%	0.00%	0.00%
Excess Return						-0.73%

1-Year Ending 09/30/2018

Sector	Portfolio Weight	Bench. Weight	Sector Excess Return	Allocation Effect	Selection + Interaction Effect	Total Effect
Basic Materials	0.08%	--%	-34.77%	0.00%	-0.02%	-0.02%
Consumer, Cyclical	0.30%	0.09%	-20.22%	-0.02%	-0.03%	-0.05%
Consumer, Non-Cyclical	0.08%	--%	5.13%	0.00%	0.01%	0.01%
Financial	99.45%	99.91%	-1.37%	0.00%	-0.93%	-0.93%
Industrial	0.09%	--%	-4.49%	0.00%	0.00%	0.00%
Technology	--%	--%	-21.16%	0.00%	0.00%	0.00%
Excess Return						-1.00%

Exhibit 9: Region Attributionⁱ

1-Quarter Ending 09/30/2018

Region	Portfolio Weight	Bench. Weight	Country Excess Return	Allocation Effect	Selection + Interaction Effect	Total Effect
BRIC	0.50%	0.36%	-13.28%	-0.01%	-0.01%	-0.02%
Canada	3.08%	2.76%	4.30%	0.00%	-0.02%	-0.02%
EM ex BRIC	1.76%	2.45%	0.25%	0.00%	0.01%	0.02%
Europe (Other)	4.67%	4.91%	-1.19%	0.00%	0.00%	0.00%
France	1.73%	1.61%	-3.73%	0.00%	-0.04%	-0.04%
Germany	1.96%	3.95%	3.81%	-0.06%	0.02%	-0.04%
Japan	10.50%	9.27%	-2.94%	-0.01%	-0.19%	-0.20%
Pacific ex Japan	24.43%	20.40%	-3.27%	-0.09%	-0.21%	-0.29%
United Kingdom	2.71%	2.94%	-6.74%	0.02%	0.00%	0.02%
United States	48.65%	51.35%	1.08%	-0.03%	-0.13%	-0.16%
Excess Return						-0.73%

1-Year Ending 09/30/2018

Region	Portfolio Weight	Bench. Weight	Country Excess Return	Allocation Effect	Selection + Interaction Effect	Total Effect
BRIC	0.50%	0.36%	-34.13%	0.00%	0.04%	0.04%
Canada	3.08%	2.76%	7.19%	-0.01%	0.03%	0.01%
EM ex BRIC	1.76%	2.45%	-5.81%	0.03%	0.04%	0.07%
Europe (Other)	4.67%	4.91%	-4.87%	0.01%	-0.16%	-0.15%
France	1.73%	1.61%	-2.64%	0.00%	-0.02%	-0.02%
Germany	1.96%	3.95%	17.02%	-0.29%	0.13%	-0.16%
Japan	10.50%	9.27%	0.18%	0.10%	-0.36%	-0.25%
Pacific ex Japan	24.43%	20.40%	-6.64%	-0.19%	-0.29%	-0.48%
United Kingdom	2.71%	2.94%	-8.81%	0.01%	-0.10%	-0.09%
United States	48.65%	51.35%	1.09%	-0.06%	0.09%	0.03%
Excess Return						-1.00%

i. Exhibit 8, Exhibit 9. Portfolio characteristics and securities data derived from FactSet. The attributions have been normalized to match the return of the strategy, as presented in the performance table on page 2. Data prior to strategy inception is simulated. Strategy inception is June 5, 2014.

Disclosures

Source: FactSet based on data from FTSE Russell.

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Prior to 11/1/2016, the 1-yr performance values reported in the Top 10 Holdings exhibit and the Top Over/Underweights exhibit were incorrect. The calculation has been modified to report the appropriate values moving forward.

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