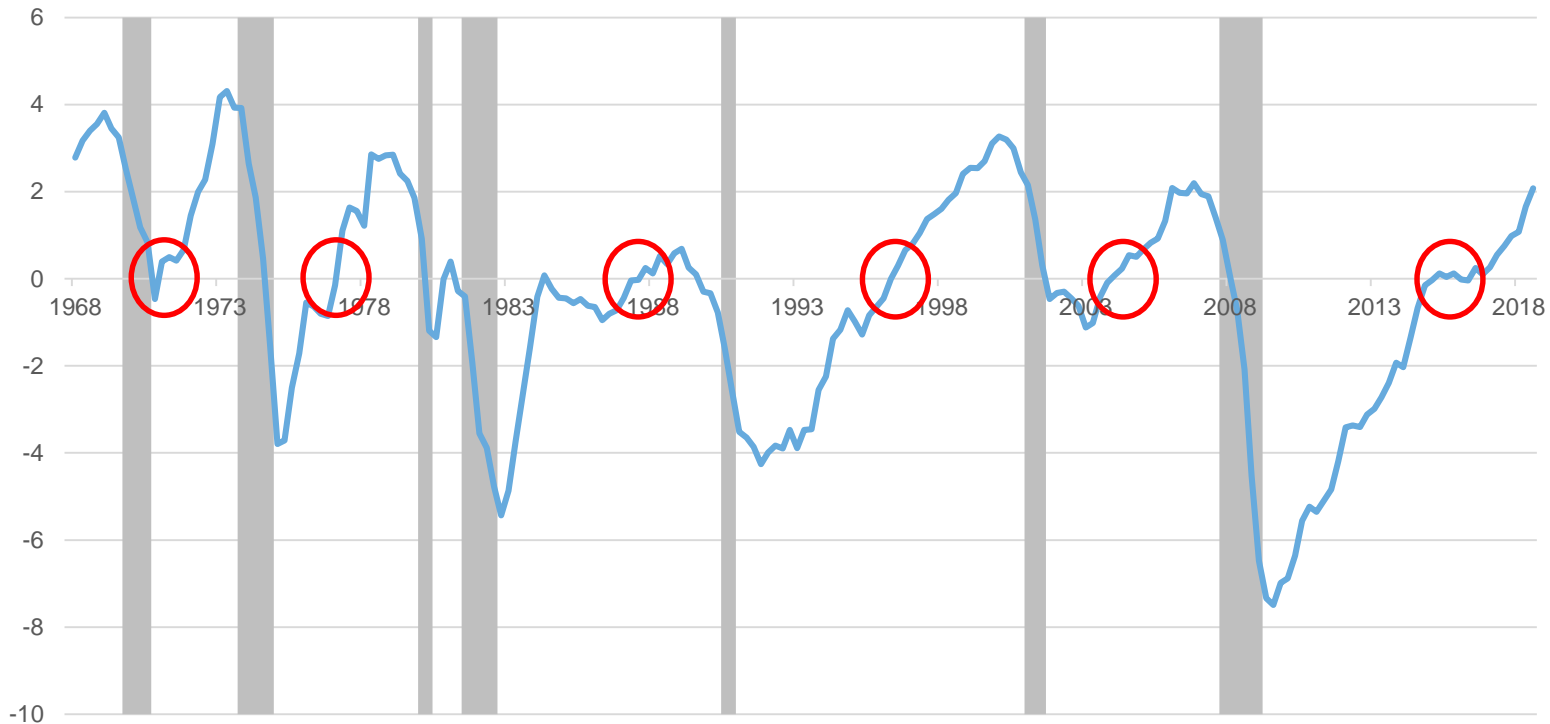


Output gap

Risk level:



US output gap
% of potential GDP



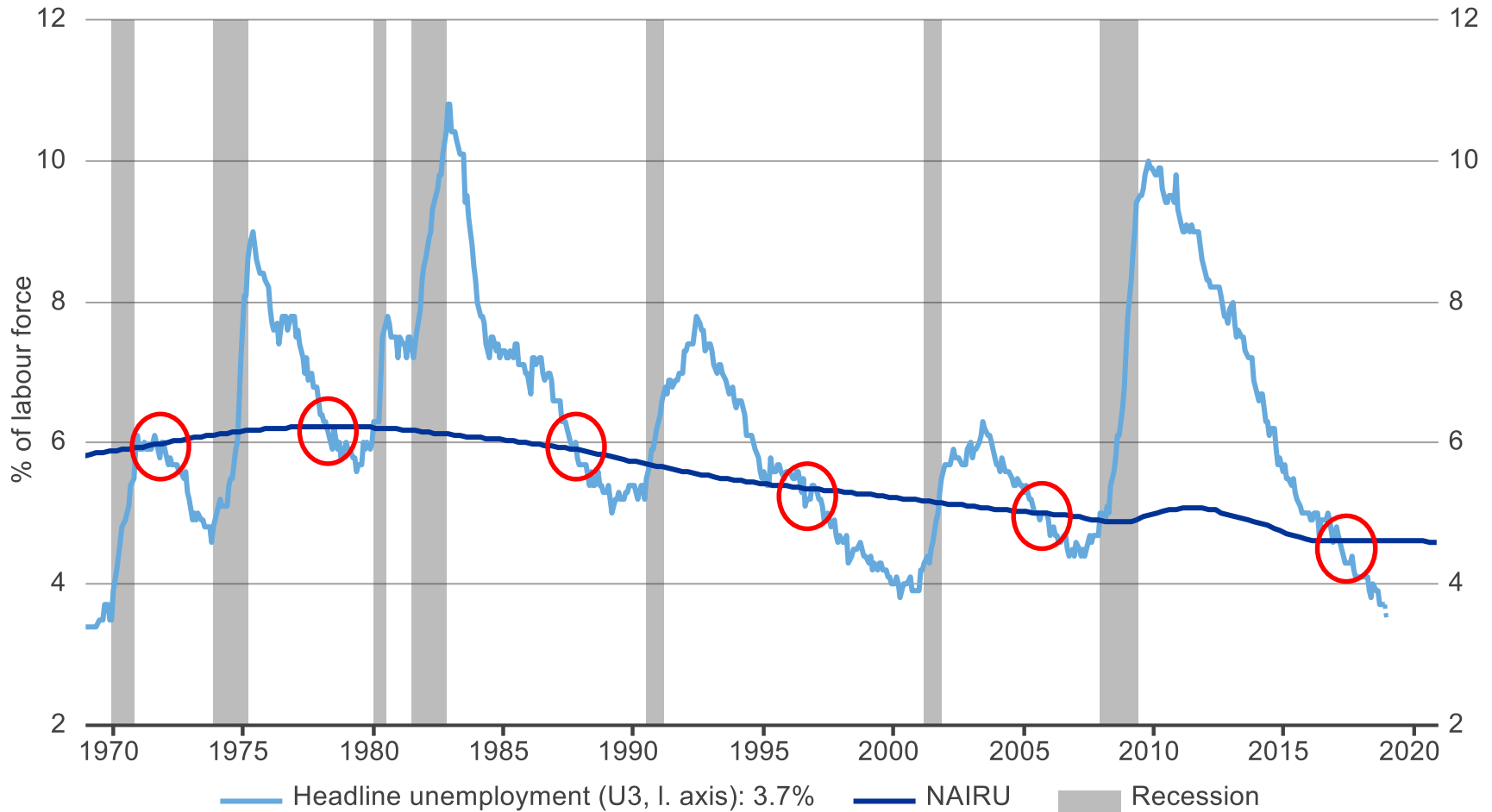
Source: Federal Reserve Board staff FRBUS model estimate through 2018:Q1. Russell Investments extrapolation based on FOMC long-run growth estimates and realized GDP data through 2018:Q3.

Labor market slack

Risk level:



US Headline Unemployment and NAIURU



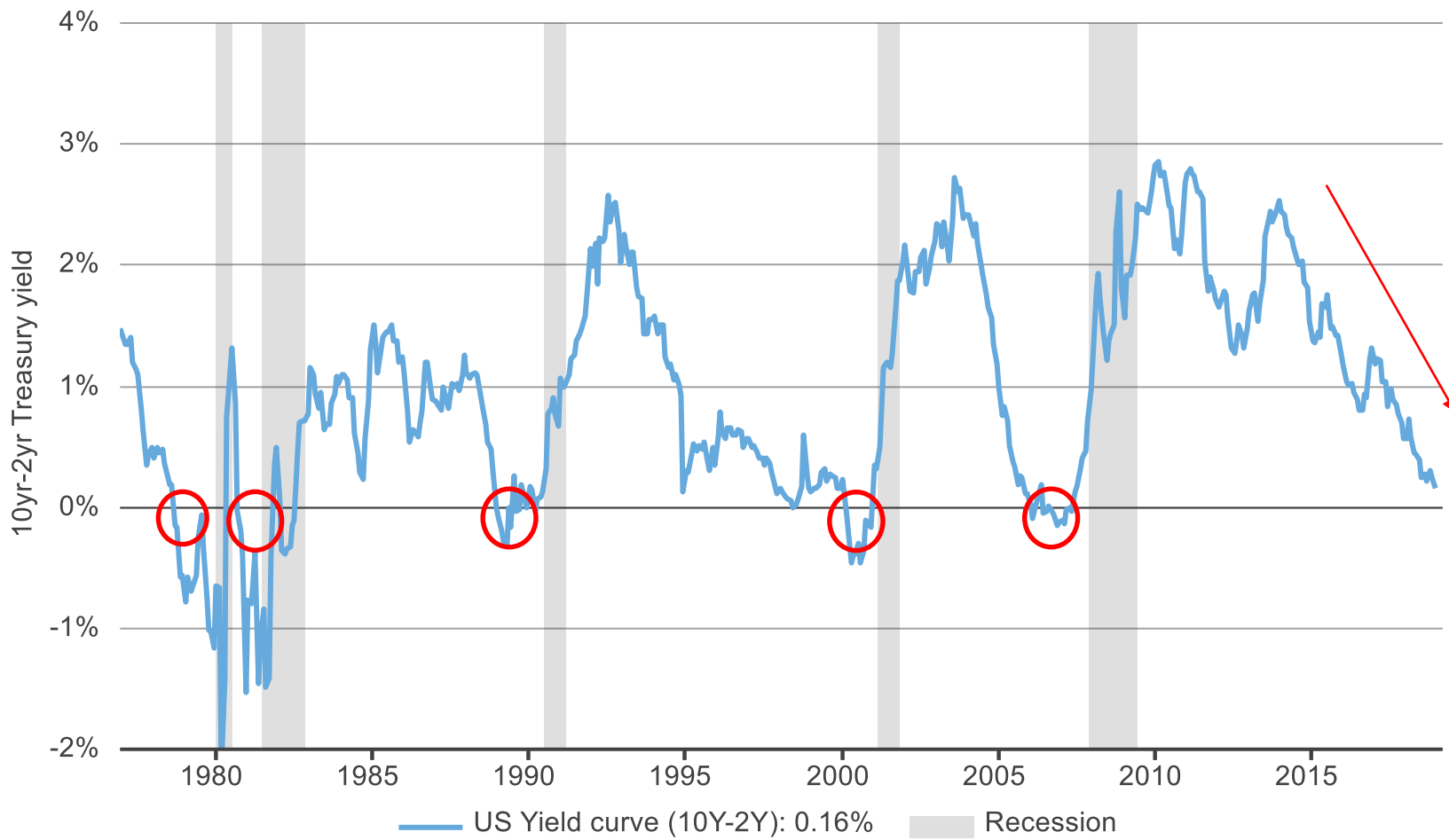
Source: Thomson Reuters Datastream, Nov 18

The slope of the yield curve

Risk level:



The yield curve has flattened but not inverted yet



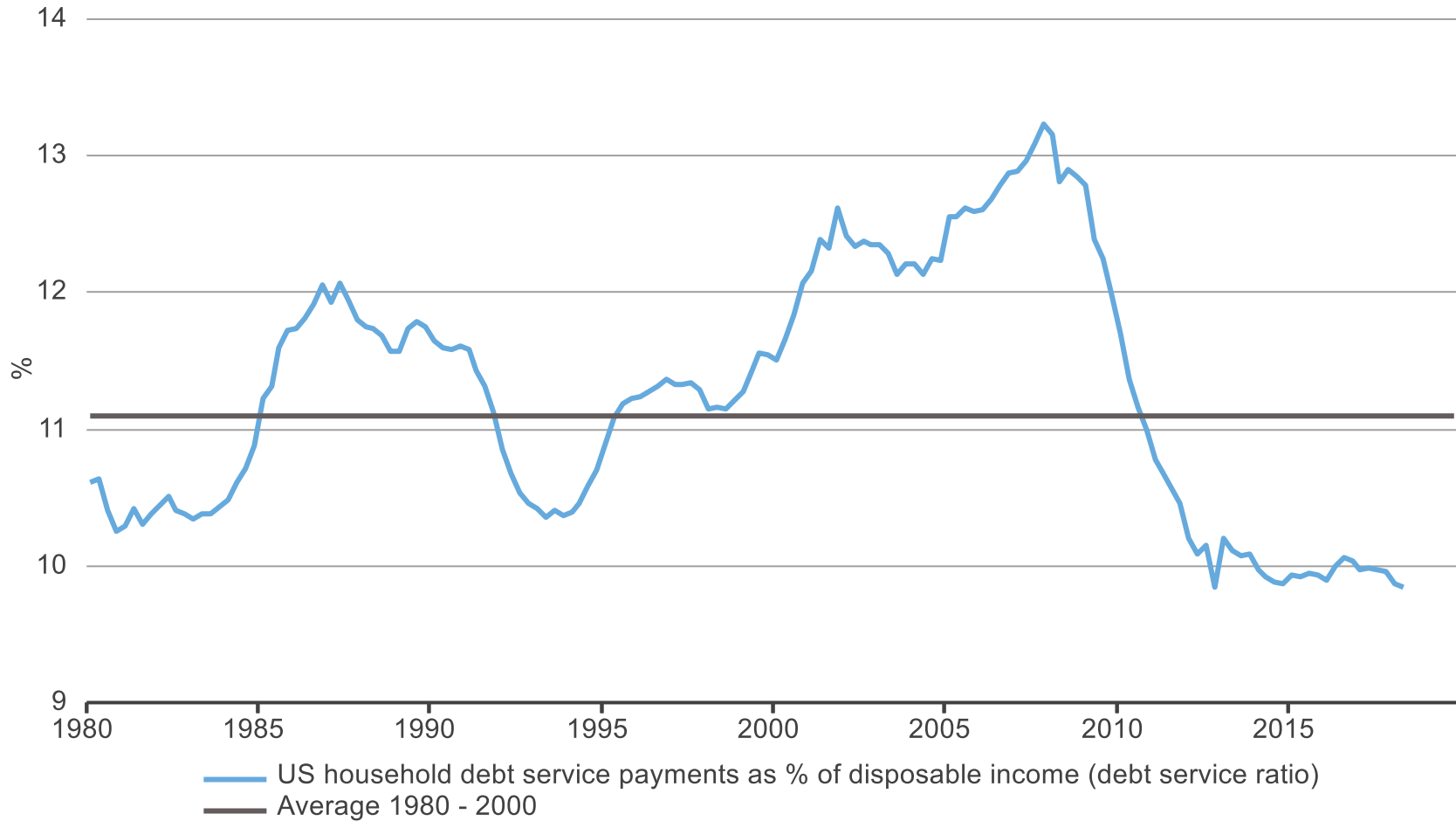
Source: Thomson Reuters Datastream, 12/13/2018

Household debt service

Risk level:



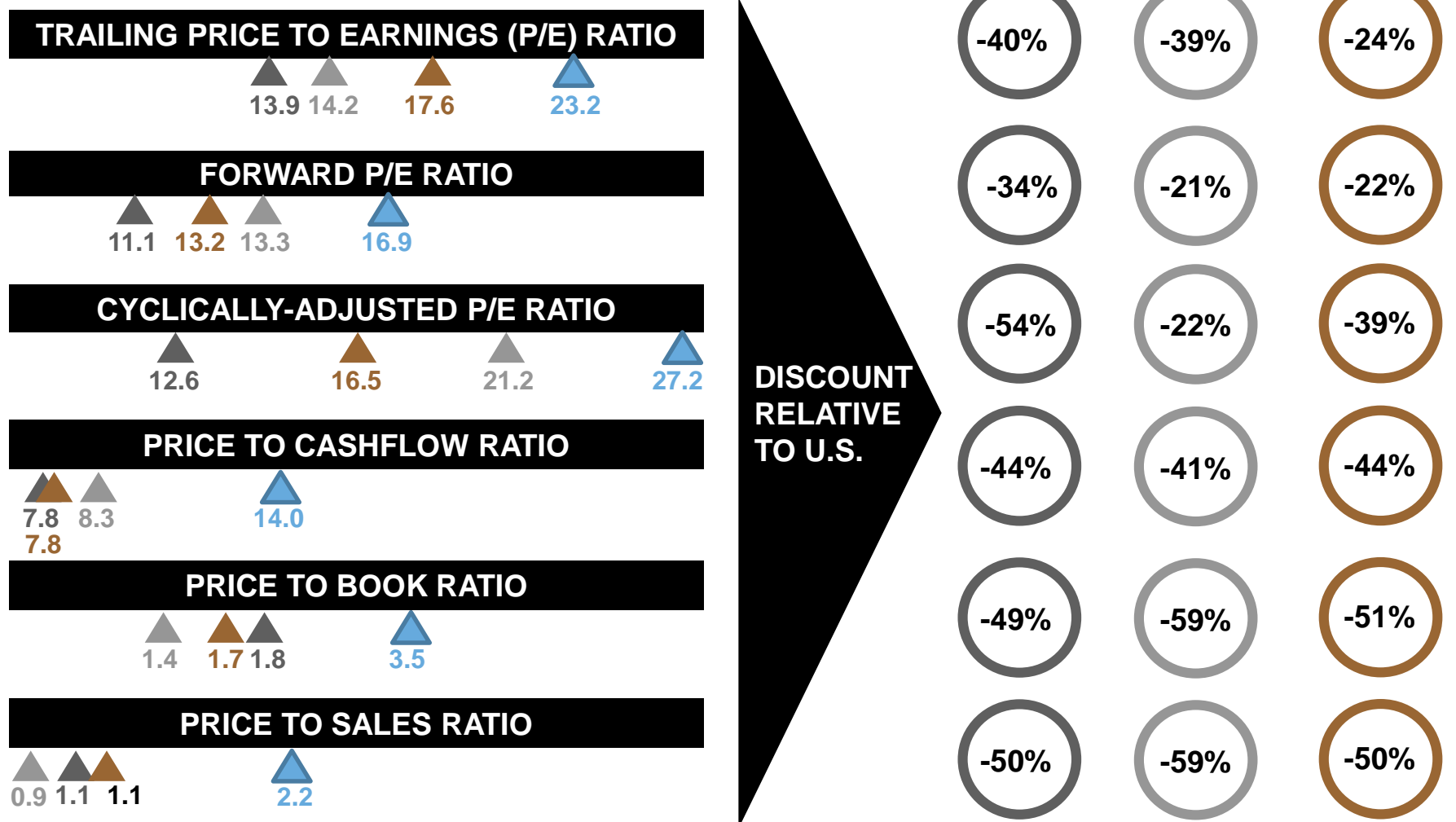
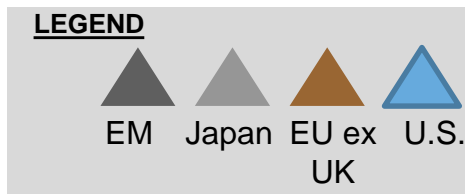
US Household debt service ratio



Source: Thomson Reuters Datastream, Q2 18

U.S. valuations

U.S. equities appear expensive



Data as of September 2018. Source: Datastream, MSCI Country and regional Indexes. Russell Investments calculations. Index returns represent past performance, are not a guarantee of future performance, and are not indicative of any specific investment.

Russell Investments market conditional forecasts

Expect significant US equity underperformance

Forecasted 10 year annualized return assumptions in USD terms:

- **Non-US developed markets (unhedged)** 7.9%
- **Emerging markets equities (unhedged)** 11.2%
- **US equities** 2.8%

Source: Russell Investments June 2018

Please note all information shown is based on assumptions. Expected returns employ proprietary projections of the returns of each asset class. We estimate the performance of an asset class or strategy by analyzing current economic and market conditions and historical market trends. It is likely that actual returns will vary considerably from these assumptions, even for a number of years.

RIFS Code: 21011