



RUSSELL INVESTMENTS

Investment Update

Progressive Portfolio
March 2019



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The cycle of market emotions

Over the lifetime of an investment you will experience a range of different emotions. Investment success over the long term depends on you working with your adviser to ensure this emotional journey does not lead to decisions that could derail your investment journey. This section illustrates that cycle in terms of historical periods.

Market outlook

This section looks at the current economic environment and what factors are driving markets. We also describe how we have recently adapted our multi-asset portfolios to adapt to this environment.

Model portfolio fact sheet

This section describes the model portfolio/s you are invested in, the makeup of the portfolio in terms of multi-manager investment funds, and the performance of the portfolio over time.

Capacity for loss guide

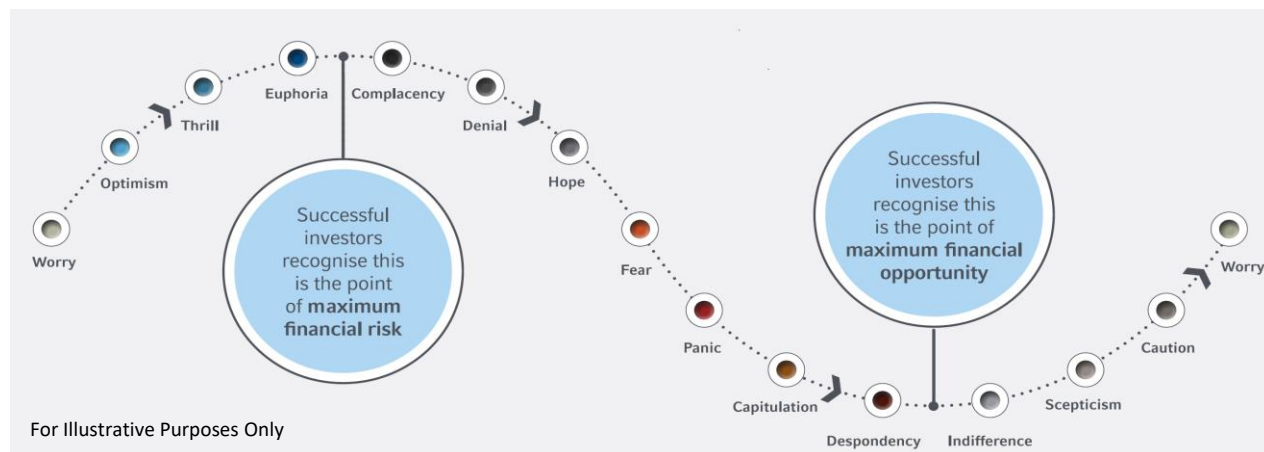
We'd like you to have a clear picture of the returns you may experience in this investment, so this section illustrates the typical returns your investment portfolio may generate over the coming years as well as a transparent look at what performance the portfolio has delivered over 12-month periods, since inception.

Model portfolio performance

A look at cumulative returns across the ten model portfolio range allows you to see the relationship between increasing risk and the resultant returns in rising markets (such as 2012) as well as more challenging times (such as 2011).

The cycle of market emotions

Greed and fear throughout the economic cycle



	OPTIMISM	THRILL	EUPHORIA	COMPLACENCY	DENIAL	HOPE	PANIC	CAPITULATION	DESPONDENCY	SCEPTICISM	CAUTION	WORRY
Market Cycle 1	NOV 1971-DEC 1972 > Inflationary pressures. > Productivity improvements > Rapid corporate earnings growth > Introduction of paperless technology 30%			JAN 1973-JAN 1974 > OPEC Oil crisis – crude oil prices tripled. Inflation > Credit squeeze > Property company failures -15%			FEB 1974-NOV 1974 > Global recession > Extended bear market -24%			DEC 1974-JUN 1975 > Share market recovery despite recession 39%		
Market Cycle 2	AUG 1984-AUG 1987 > Credit Boom > Strong world economic growth 136%			SEP 1987 > Irrational shareholder sentiment. > Peak of overinflated stock values vs historical PEs. -2%			OCT 1987-NOV 1987 > 1987 Global stock market crash. -28%			DEC 1987-DEC 1989 > Stock market recovery as value hunters sought to buy quality stocks cheaply. 64%		
Market Cycle 3	APR 1997-SEP 2000 > Tech boom. Investor exuberance > Emergence of 'new economy' sectors 99%			OCT 2000-SEP 2001 > Tech bubble burst > September 11 terrorist attacks -28%			MAR 2002-FEB 2003 > Reduced global economic growth forecasts. > Extended bear market. > Corporate accounting scandals. -22%			MAR 2003-MAY 2005 > Geopolitical uncertainty > Refocus on world economic fundamentals > Boom in resources in response to industrialization of China 52%		
Market Cycle 4	JUN 2005-JUL 2007 > House prices hit highs > Credit boom > Higher interest rates 28%			AUG 2007-SEP 2008 > Credit crunch. Sub-prime mortgage crisis. > Collateralised debt obligation (CDO) failures > Lehman Brothers declares bankruptcy -17%			OCT 2008-FEB 2009 > Global financial crisis > European and US recessions. > Negative real GDP reported for major developed countries in Q4 2008. -37%			MAR 2009-DEC 2013 > Global share market recovery > Deleveraging, slow economic growth 187%		

Percentage returns refer to the increase/decrease in the S&P 500 index in USD over their period shown

Market Outlook

Market Review – March

- Global equity markets experienced a turbulent March. Weak economic data and concerns about slowing global economic growth weighed on investors' minds. However, stocks recovered at the end of the month as investors looked towards a positive outcome to US-China trade talks that recommenced in Beijing.
- In the UK, Brexit uncertainty remained as the House of Commons voted against Prime Minister May's withdrawal agreement and failed to support numerous alternative plans.
- The European Central Bank unexpectedly unveiled a fresh round of stimulus in a dovish monthly policy statement.

Strategist's Outlook

- Global Equities: Our medium-term equity oversold signals from December have now expired. Momentum is flat in the US and the UK. We have downgraded our value score on UK equities due to Brexit scenarios and implications. We have upgraded our emerging market (EM) cycle score on easing trade war issues and easier EM monetary policy.
- Fixed Income: We have upgraded our government bond sentiment score on improving momentum and expiry of some short-term oversold signal.
- Currencies: We currently have a long position to the Japanese yen which is our highest conviction view.
- Macro forecasts - 2019 GDP forecast: 2.3% (unchanged). Inflation forecast 2.2% (vs 2.3% last month). Fed: 1 rate hike in 2019 (unchanged), 2 in 2020. Non-farm payrolls: Payrolls growth to decline from 2019H2 as recession probability increases.

31 March 2019

Progressive Portfolio

Russell Investments Progressive Portfolio retains a moderate weighting to defensive strategies, such as those designed to produce positive returns even in turbulent market conditions, but a more significant allocation to growth-oriented assets than Russell Investments most risk-averse portfolios. The greatest of these allocations is to UK and global equities (49%), followed by investments in assets that traditionally exhibit a link to inflation. These include commodities, property and infrastructure; all of which can help to defend against inflationary pressures on a portfolio

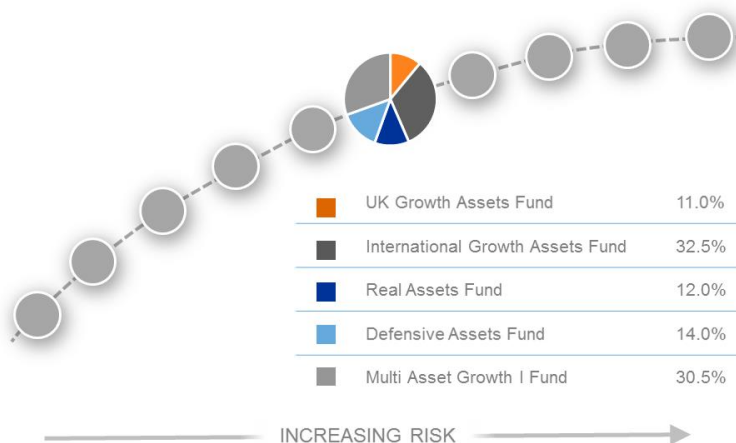


Russell Investments
Client Portfolio Manager

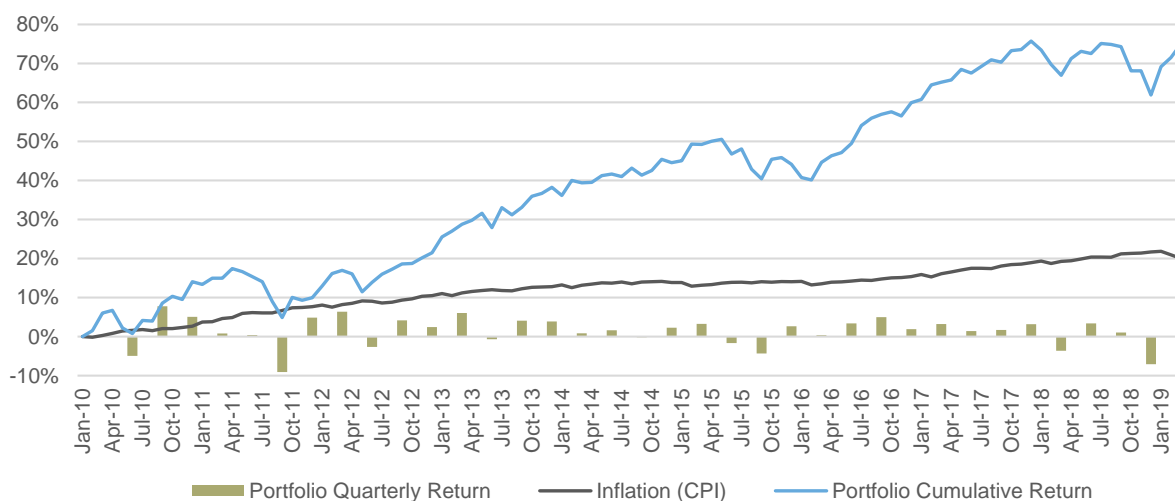
Using a multi-asset approach, our Model Portfolios are globally diversified. Each one provides exposure to a mix of shares, bonds and alternative investments delivered by a variety of underlying money managers and investment styles.

This careful blending emphasises return potential whilst attempting to manage risk and may help provide more consistent returns over the long term. This diversification means that your investment is working for you no matter what investment approach or style is in favour at any given time.

The Progressive Portfolio within our Model Portfolio Range



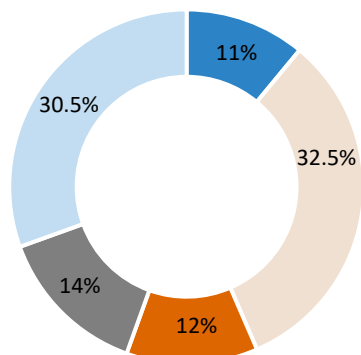
Inception to Date Cumulative Return



Source: Russell Investments, net returns in GBP from 01/02/2010 to 31/03/2019. Any past performance figures is not a guide to future performance.

Capacity for Loss

Progressive Model Portfolio

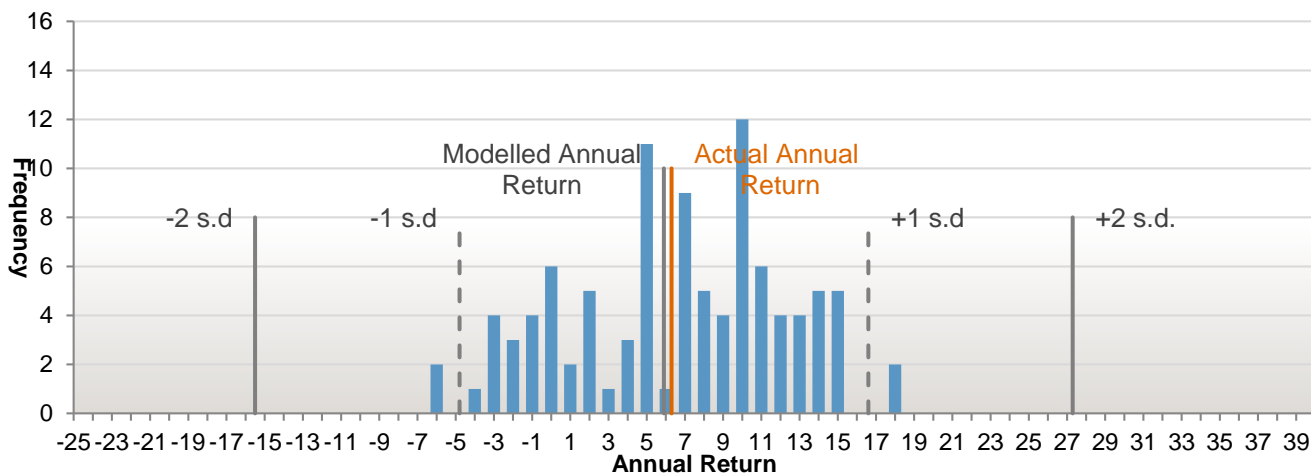


- UK Growth Assets
- International Growth Assets
- Real Assets
- Defensive Assets
- Multi Asset Growth I

Russell Risk Score	6 / 10	Projected Annual Return (%)	5.7
DT Risk Score	5 / 10	Since Inception Annual Return (%)	6.3
Max 12-month Return (%)	17.9	Projected Annual Volatility (%)	10.1
Min 12-month Return (%)	-6.5	Since Inception Annual Volatility (%)	6.7

Historic Returns

The number of times a portfolio has experienced a given return (horizontal axis) in any 12-month period since launch. Standard deviation is applied to the annual rate of return of an investment to measure the investment's volatility, it is a statistical measurement that illustrates historical volatility. For example, a volatile stock has a high standard deviation, while the deviation of a stable stock is lower. A large dispersion indicates how much the return on the fund is deviating from the expected normal returns.



Source: Russell Investments, net returns in GBP from 01/02/2010 to 31/03/2019. Any past performance figures is not a guide to future performance.

Model Portfolio Performance

Performance data as at 31 March 2019

This table shows the performance of all ten Russell Investments Model Portfolios for different periods.

Cumulative Performance (%)						PA (%)	Discrete Performance (%)				
Portfolio Name	1 Month	3 Months	1 Year	3 Years	5 Years	Since launch*	31/03/19-31/03/18	31/03/18-31/03/17	31/03/17-31/03/16	31/03/16-31/03/15	31/03/15-31/03/14
Secure	1.5	4.4	2.6	10.0	9.7	2.4	2.6	0.9	6.3	-2.5	2.2
Cautious	1.6	5.2	3.1	12.4	12.9	3.2	3.1	1.1	7.8	-2.6	3.1
Conservative	1.8	6.0	3.6	15.1	16.5	4.0	3.6	1.4	9.5	-2.7	4.1
Moderate	1.9	6.8	4.0	17.7	20.1	4.8	4.0	1.7	11.3	-2.9	5.1
Balanced	2.0	7.4	4.4	20.2	23.5	5.5	4.4	2.1	12.7	-3.1	6.0
Progressive	2.0	8.1	4.8	22.8	27.0	6.3	4.8	2.5	14.3	-3.3	6.9
Adventurous	2.1	8.8	5.3	25.6	30.8	7.1	5.3	3.0	15.9	-3.5	7.9
Growth	2.2	9.5	5.7	28.7	35.0	7.9	5.7	3.5	17.6	-3.7	8.9
Aggressive	2.2	10.1	6.1	31.8	39.4	8.6	6.1	4.1	19.3	-3.9	10.0
Aggressive Plus	2.3	10.8	6.6	34.3	43.0	9.3	6.6	4.4	20.8	-4.1	11.0

This table shows the performance of some common asset classes for different periods.

Cumulative Performance (%)						PA (%)	Discrete Performance (%)				
Common indices	1 Month	3 Months	1 Year	3 Years	5 Years	Since launch*	31/03/19-31/03/18	31/03/18-31/03/17	31/03/17-31/03/16	31/03/16-31/03/15	31/03/15-31/03/14
Cash Bank of England Base	0.1	0.2	0.7	1.4	2.4	0.5	0.7	0.4	0.3	0.5	0.5
UK Gilts ICE BofAML UK Gilts All Stocks	-0.9	-0.7	-0.4	6.6	25.5	5.0	-0.4	0.5	6.6	3.3	13.9
UK equities FTSE All Share	2.3	9.0	6.0	30.8	34.0	8.3	6.0	1.2	22.0	-3.9	6.6
Global equities MSCI World Net GBP Hedged	3.2	13.9	7.1	35.9	47.2	10.0	7.1	8.8	16.6	-5.0	14.0
Property FTSE EPRA/NAREIT Global Developed	-1.2	4.7	14.0	21.7	63.2	10.9	14.0	-8.0	16.0	3.7	29.3
Commodities Bloomberg Commodity	-0.1	1.9	0.0	15.5	-21.4	-2.6	0.0	-7.6	25.0	-16.9	-18.1

Source: Russell Investments as at 31/03/2019 (% change, GBP). Performance figures for the Russell Investments Model Portfolios are calculated using the performance of the underlying FP Russell Investments ICVC funds (C class shares) during the same period. The performance of the Model Portfolios is calculated using the current portfolio weightings of each fund as shown in the brochure "Helping you achieve outcomes that matter" dated June 2017. The since launch date (31/01/2010) is the date that we launched the Russell Investments Model Portfolios. 3 and 5 year figures are cumulative, since inception annualised. All performance quoted net of C share class fees. Performance figures are calculated assuming a quarterly rebalance. Any past performance figures are not necessarily a guide to future performance.

FOR MORE INFORMATION:

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