

31 March 2019

# Defensive Assets Fund



**Portfolio Manager**  
David Vickers

Russell Investments' Multi-Asset Strategies Team comprises over 60 experienced professionals, including portfolio managers, researchers, portfolio analysts, and strategists in Russell Investments offices around the globe.

This team focuses on total client outcomes, including all major asset classes in their solutions. They identify areas of the market offering attractive valuations and growth potential with a reasonable level of risk and research strategies and managers to exploit these pockets of value.

## Fund facts

### Inception date

12 January 2010

### Benchmark

Bank of England Base Rate

### SEDOL

B4L7KL8

### Ongoing charge

1.15% (30/11/18)

### Minimum investment

£1,000 initial, £500 subsequent

### Currency

GBP

### Distribution date

28 February

This fund aims to preserve your capital over the long term and give you a greater return than you'd get from cash, with low volatility. We aim to achieve this by combining traditionally lower volatility investments to produce steady returns.

## Suggested use

We've designed this fund to offset some of the risk of equities and real assets, and help achieve a steady total return. It has diversification built-in and works well as the defensive element within a wider portfolio of investments. This fund is designed to be the defensive element within a wider portfolio of investments.

## What happened this month?

Against the backdrop of a risk-on environment, the Fund performed well over the quarter. The Fund's allocation to government bonds proved particularly beneficial. Global sovereign yields fell on the back of concerns over slowing economic growth. Moreover, the Federal Reserve cemented its dovish position whilst the European Central Bank brought back stimulus. Increased optimism of a trade deal between the US and China also aided credit spreads to tighten. Meanwhile, increased risk appetite and higher oil prices also helped tighten high yield spreads considerably. The allocation to unconstrained bonds and floating rate bonds also contributed to fund performance over the period.

### Cumulative performance to 31 March 2019 (%)

|                    | 1M  | 3M  | 1 Yr | 3 Yrs | 5 Yrs | Since Inception | Discrete 12 month performance (%) |                      |                      |                      |                      |
|--------------------|-----|-----|------|-------|-------|-----------------|-----------------------------------|----------------------|----------------------|----------------------|----------------------|
|                    |     |     |      |       |       |                 | 31/03/14<br>31/03/15              | 31/03/15<br>31/03/16 | 31/03/16<br>31/03/17 | 31/03/17<br>31/03/18 | 31/03/18<br>31/03/19 |
| Fund (Class C Acc) | 1.3 | 3.4 | 2.1  | 6.7   | 5.6   | 14.2            | 1.1                               | -2.0                 | 4.0                  | 0.5                  | 2.1                  |
| Benchmark          | 0.1 | 0.2 | 0.7  | 1.3   | 2.4   | 4.5             | 0.5                               | 0.5                  | 0.3                  | 0.3                  | 0.7                  |

Past performance is not a guide to future performance.

Source: Russell Investments as at March 31, 2019. All returns are cumulative, in GBP, net of C Class Fees. The fund is priced at market open (7am) so Fund prices have been moved a day later with benchmarks which price at market close (7pm).

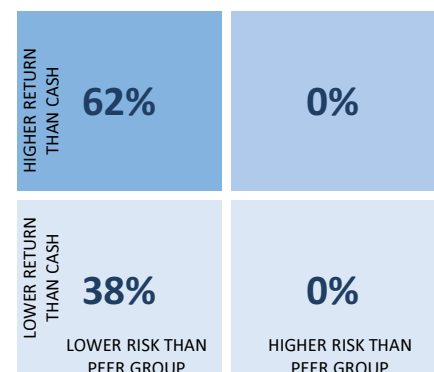
## Portfolio statistics

|                               | Fund     |
|-------------------------------|----------|
| Number of Managers            | 30       |
| Number of Holdings            | 3988     |
| Volatility (since inception)* | 2.2%     |
| Highest One-Year Return       | 5.3%     |
| Lowest One-Year Return        | -3.3%    |
| Positive One-Year Returns     | 71.7%    |
| Current Yield                 | 2.74%    |
| Fund Size                     | £106.60M |

Source: Russell Investments

\*Volatility describes the extent to which the fund return has fluctuated over time.

## Rolling 12-month Risk & Return<sup>†</sup>



Source: Morningstar, Russell Investments. Sector used is the IMA Mixed Investment 0-35% Shares Sector. Data as at previous quarter end.

<sup>†</sup> The vertical quadrants illustrate the percentage of 12-month periods the fund has delivered more or less return than the Bank of England Base Rate. The horizontal quadrants show how often the fund exhibited more or less volatility than the Morningstar Europe OE Global Large-Cap Blend Equity sector.

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## Defensive Assets Fund (continued)

### Portfolio structure

| Portion of fund           | Allocation to fund portion | Monthly return of fund portion | Managers allocated to each portion, and their weight in the total fund |                          |                          |              |
|---------------------------|----------------------------|--------------------------------|------------------------------------------------------------------------|--------------------------|--------------------------|--------------|
| <b>Fixed Income</b>       | <b>91.0%</b>               |                                |                                                                        |                          |                          |              |
| High Yield                | 7.1%                       | 1.1%                           | DDJ 1.2%                                                               | Hermes 1.8%              | PIMCO 1.4%               | Barings 1.1% |
|                           |                            |                                | US Fallen Angels 0.3%                                                  | EU Fallen Angels 0.5%    | Russell Investments 0.9% |              |
| Global Credit             | 18.3%                      | 1.9%                           | T Rowe 3.5%                                                            | PIMCO 3.9%               | Columbia 3.5%            | Kempen 1.7%  |
|                           |                            |                                | BlueBay 3.5%                                                           | Russell Investments 2.2% |                          |              |
| Government                | 18.3%                      | 1.5%                           | Brookfield 1.6%                                                        | Colchester 3.5%          | PIMCO 3.1%               | Insight 3.5% |
|                           |                            |                                | Blue Bay 3.6%                                                          | Russell Investments 2.9% |                          |              |
| Government                | 10.3%                      | 3.0%                           | Fidelity 10.2%                                                         |                          |                          |              |
| Unconstrained Bond        | 13.4%                      | 0.4%                           | Putnam 3.6%                                                            | Hermes 3.1%              | Post Advisory 1.8%       | H2O 2.0%     |
|                           |                            |                                | Russell Investments 2.9%                                               |                          |                          |              |
| Global Bonds GBP Hedged   | 7.7%                       | 1.8%                           | BB Gbl Agg GBP H ETF 7.7%                                              |                          |                          |              |
| UK Govt. Bonds            | 3.2%                       | 3.1%                           | Lyxor FTSE UK Gilts 3.2%                                               |                          |                          |              |
| Global Floating Rate      | 9.6%                       | 0.6%                           | Neuberger Berman 9.6%                                                  |                          |                          |              |
| Short Duration High Yield | 3.1%                       | 0.4%                           | Neuberger Berman 3.1%                                                  |                          |                          |              |
| <b>Absolute Return</b>    | <b>4.1%</b>                |                                |                                                                        |                          |                          |              |
| Global Macro              | 4.1%                       | -0.4%                          | H2O 4.1%                                                               |                          |                          |              |
| <b>Cash</b>               | <b>4.9%</b>                |                                |                                                                        |                          |                          |              |
| Cash                      | 4.9%                       | 0.0%                           | Russell Investments 4.9%                                               |                          |                          |              |

Source: Russell Investments, Morningstar. Figures may not sum correctly due to rounding.

Any reference to specific money managers should not be taken as a recommendation. Money managers are subject to change.

**Important Information**

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