

31 March 2019

Real 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

30 November 2009

Sector

IMA Specialist

Benchmark

UK Retail Price Index

SEDOL

B4KQS12

Ongoing charge

1.25% (30/11/18)

Minimum investment

£1,000 initial, £500 subsequent

Currency

GBP

Distribution date

28 February

The Real Assets Fund combines a range of investments that are indirectly linked to physical (real) assets. Real assets include commodities (metals, oil, agricultural produce, property companies and infrastructure companies e.g. toll roads, power networks). We manage total risk using UK inflation-linked bonds and cash.

Suggested use

Using only equities in a portfolio can be a riskier approach than constructing a portfolio which includes both equities and non-equities. Including real assets will help diversify some of the risk from other parts of the portfolio but this fund is not appropriate for stand-alone investment.

What happened this month?

The Fund recorded a stellar performance over the first quarter of 2019. The allocation to real estate, listed infrastructure and commodities made a positive contribution to Fund performance. In the latter, oil prices surged over the period, largely driven by turmoil in Venezuela, a drop on US fuel stockpiles and an anticipated pause in US interest rate hikes. In base metals, copper prices moved higher supported by diminished supply and optimism over trade negotiations between the US and China. Zinc prices also rallied after inventories suddenly plunged. In precious metals, gold ended the period higher despite a stronger dollar, silver sold off and platinum rallied on trade expectations.

Cumulative performance to 31 March 2019 (%)

	1M	3M	1 Yr	3 Yrs	5 Yrs	Since Inception	Discrete 12 month performance (%)				
							31/03/14 31/03/15	31/03/15 31/03/16	31/03/16 31/03/17	31/03/17 31/03/18	31/03/18 31/03/19
Fund (Class C Acc)	2.3	10.0	5.9	14.3	14.7	38.0	6.0	-5.4	11.3	-3.0	5.9
Benchmark	0.7	0.1	2.5	9.2	11.7	31.1	1.0	1.3	3.2	3.2	2.5

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).

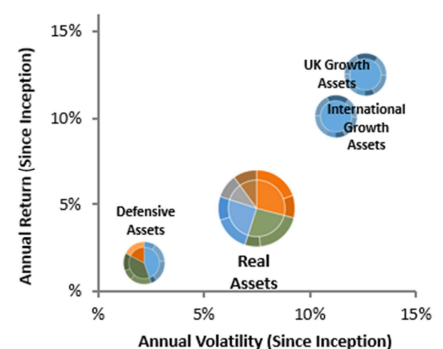
Portfolio statistics

	Fund
Number of Managers	10
Number of Holdings	420
Volatility (since inception)*	7.6%
Highest One-Year Return	18.6%
Lowest One-Year Return	-8.7%
Positive One-Year Returns	67.7%
Current Yield	1.35%
Fund Size	£79.13M

Source: Russell Investments

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

Real Assets Complete a Portfolio[†]



Source: Russell Investments. Performance and Risk of the UK Growth Asset Fund, International Growth Assets Fund, Defensive Assets Fund and Real Assets Fund shown from 1/2/2010 to last quarter end. Data in GBP net of C class fees.

[†] Real assets bridge the gap in terms of risk and return between defensive assets and growth assets, meaning a portfolio with improved diversification.

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Real 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			
Commodities	18.6%					
Commodities	8.3%	-0.1%	ETFs Long Dated 8.3%			
Commodities Ex Agri	10.2%	2.5%	Lyxor ex Agriculture 10.2%			
Infrastructure	40.1%					
Infrastructure	20.2%	4.5%	Nuveen 7.0%	Colomial 7.0%	MBA 1.0%	Coheen & Steers 2.9%
			Russell Investments 2.3%			
Infrastructure (Passive)	19.9%	4.5%	Deutsche Bank 19.9%			
Real Estate	27.3%					
Real Estate	27.3%	5.4%	Morgan Stanley 4.6%	Cohen & Steers 6.4%	RREEF 7.2%	Russell Investments 2.5%
Real Estate	6.6%	2.9%	iShares 6.6%			
Cash	14.1%					
	14.1%	0.0%	Russell Investments 14.1%			

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.

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Real Assets Fund (continued)

Infrastructure by Region

	Fund
North America	46.3%
EMEA EX UNITED KINGDOM	29.8%
ASIA/PACIFIC EX JAPAN	16.3%
Emerging	5.1%
Japan	1.9%
United Kingdom	0.6%

Source: Factset

Real Estate by Region

	Fund
North America	55.3%
ASIA/PACIFIC EX JAPAN	16.8%
EMEA EX UNITED KINGDOM	12.3%
Japan	9.2%
United Kingdom	6.1%
Emerging	0.3%

Source: Factset

Real Estate Top 10 Subsectors

	Fund
Retail Reits	19.0%
Office Reits	14.7%
Residential Reits	12.3%
Real Estate Operating Companies	9.4%
Diversified Reits	9.1%
Diversified Real Estate Activities	8.5%
Specialized Reits	7.6%
Industrial Reits	6.6%
Health Care Reits	5.5%
Hotel & Resort Reits	4.2%

Source: Factset

Infrastructure Top 10 Subsectors

	Fund
Electric Utilities	27.5%
Highways & Railtracks	19.3%
Oil & Gas Storage & Transportation	18.3%
Airport Services	16.0%
Multi-Utilities	13.6%
Marine Ports & Services	2.9%
Gas Utilities	1.2%
Water Utilities	1.2%

Source: Factset

Important Information

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