# A GUIDE TO RUSSELL INVESTMENTS' CLASSIC PLUS MODEL PORTFOLIO SERVICE

HELPING YOUR CLIENTS ACHIEVE OUTCOMES THAT MATTER

All information contained in this report is correct at the time of production, is strictly for illustrative purposes only, and does not constitute investment advice. This report is designed for use by the financial adviser to assist in making a personal recommendation or managing investments for the underlying client.

## Expected risk and return

The Russell Investments Classic Plus Model Portfolios are designed to help you achieve your investment objectives taking into consideration your time horizon and attitude to risk.

By analysing current data across the underlying markets and assets of the portfolios, we generate a forecast of future returns and risk for the following 10-year period. We provide this information to help you and your adviser develop your investment plans.

The table below gives a comparison of the expected performance and the correlation between the FP Russell Investments' funds.

| | | | CORRELATION COEFFICIENTS | | | | |
|---|---|---|---|---|---|---|---|
| **ASSET CLASS** | **MEAN RETURN** | **STANDARD DEVIATION** | **MAGS 1** | **DEFENSIVE** | **INTERNATIONAL** | **REAL ASSETS** | **UK GROWTH** |
| MAGS 1 | 5.30% | 5.30% | 1.00 | - | - | - | - |
| Defensive Assets | 4.30% | 4.80% | 0.95 | 1.00 | - | - | - |
| International | 7.70% | 14.80% | 0.92 | 0.78 | 1.00 | - | - |
| Real Assets | 7.18% | 15.87% | 0.61 | 0.40 | 0.78 | 1.00 | - |
| UK Growth | 8.20% | 14.90% | 0.73 | 0.55 | 0.85 | 0.87 | 1.00 |

Any forecast, projection or target is indicative only and not guaranteed in any way.
Source: Russell Investments and Bloomberg, 10-year outlook as at 31 December 2023. These figures are prepared bi-annually.

Correlation coefficients provide an indication of the relationship between the movements of different funds or assets (e.g. if the value of fund A goes up, does the value of fund B go up, go down, stay the same or is it unrelated?) A Correlation Coefficient of 1.0 means that the two variables have a perfectly matched relationship and move in a completely synchronised manner, e.g. a 1% increase in Fund A would also mean a 1% increase in Fund B. A correlation Coefficient of -1.0 means that they move in a completely opposite way.

A coefficient of zero means that movements are completely unrelated. Combining asset classes with lower or negative correlations may help reduce the volatility of returns over time.

Our Capital Market assumptions are based on historical data. We use all historical data available, which goes back 15 to 100+ years depending on the asset class. This time range covers a spectrum of market scenarios (in both good and bad markets).

Standard deviation is a method of showing the risk associated with a fund or asset in terms of its volatility or variation in price compared to the expected or mean returns over a given period.

All information shown is based on assumptions using current data across the underlying markets. Expected returns employ proprietary projections of the returns of each asset class. Russell Investments estimates the performance by analysing current marketing conditions and historical market trends. Forecasts are not a reliable indicator of future performance. It is likely that actual returns will vary considerably from these assumptions, even for a number of years. References to future returns for either asset allocation strategies or asset classes are not guarantees or even estimates of actual returns a client portfolio may achieve. Asset classes are broad general categories which may or may not correspond well to specific products.

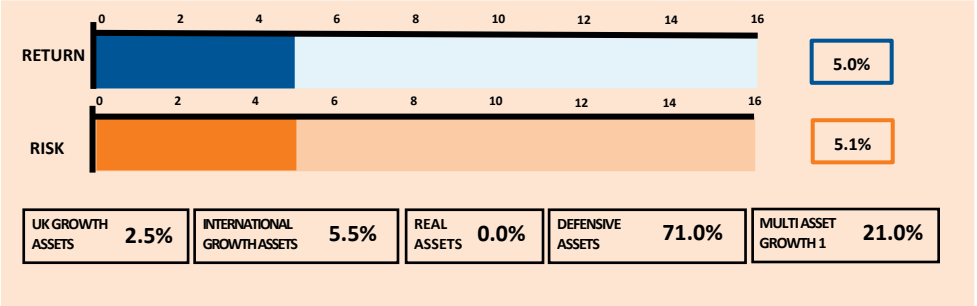
# Simple access to sophisticated strategies

### Conservative Portfolios

These well-diversified portfolios aim to preserve capital and to minimise the level of risk for the investor.
At the same time, they offer the potential for a modest level of capital growth over the long term.

### Russell Investments' Classic Plus Secure Model Portfolio

With more than 80% in lower risk defensive assets and the remainder in higher risk growth and real assets.

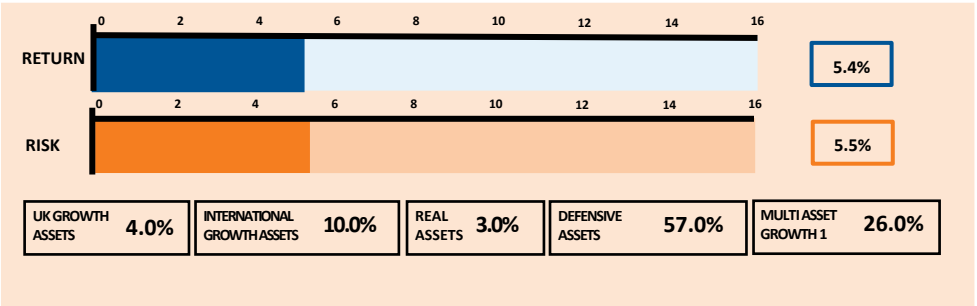



If £1,000 is invested for 10 years, based on our calculations:

- the target wealth you could expect is £1,710
- there is a 5% chance that the wealth could be greater than £2,099
- there is a 5% chance that the wealth could be lower than £1,280

### Russell Investments' Classic Plus Cautious Model Portfolio

With more than 70% in lower risk defensive assets and the remainder in higher risk growth and real assets.

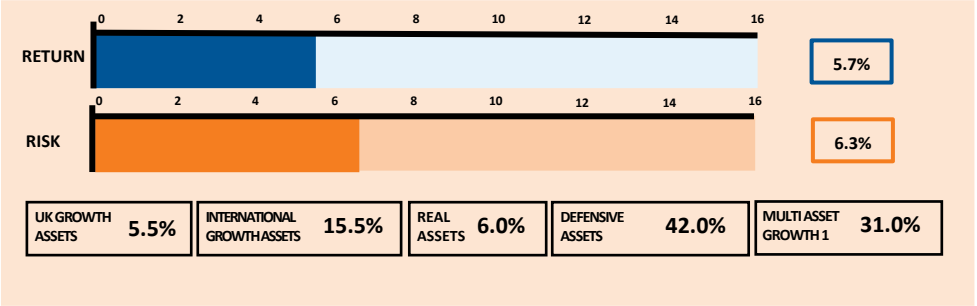



If £1,000 is invested for 10 years, based on our calculations:

- the target wealth you could expect is £1,783
- there is a 5% chance that the wealth could be greater than £2,199
- there is a 5% chance that the wealth could be lower than £1,280

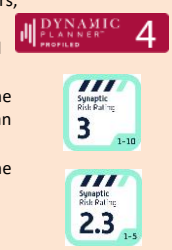
### Russell Investments' Classic Plus Conservative Model Portfolio

With more than 60% in lower risk defensive assets and the remainder in higher risk growth and real assets.




If £1,000 is invested for 10 years, based on our calculations:

- the target wealth you could expect is £1,840
- there is a 5% chance that the wealth could be greater than £2,345
- there is a 5% chance that the wealth could be lower than £1,255

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Risk ratings as at 31 December 2023. Allocations, risk/return data and examples as at 31 December 2023. This information is produced using Russell Investments' own reasonable asset class assumptions supported by objective index data. The value of investments and the income from them can fall as well as rise and is not guaranteed. You may not get back the amount originally invested. Such forecasts are not a reliable indicator of future performance. Fees, commissions and other charges are not reflected in these numbers as they are based on the index. If these were included the returns would be lower.

Ongoing charge figures for each Classic Plus Model Portfolio as at 30 November 2023 - Secure: 0.82%, Cautious: 0.83%, Conservative: 0.85%, Moderate: 0.86%, Balanced: 0.90%, Progressive: 0.93%, Adventurous: 0.98%, Growth: 1.03%, Aggressive: 1.09% and Aggressive Plus: 1.16%.

All ongoing charge figures for the models are a weighted average of the underlying funds. The C Accumulation share class for each underlying fund has been used for this illustration.

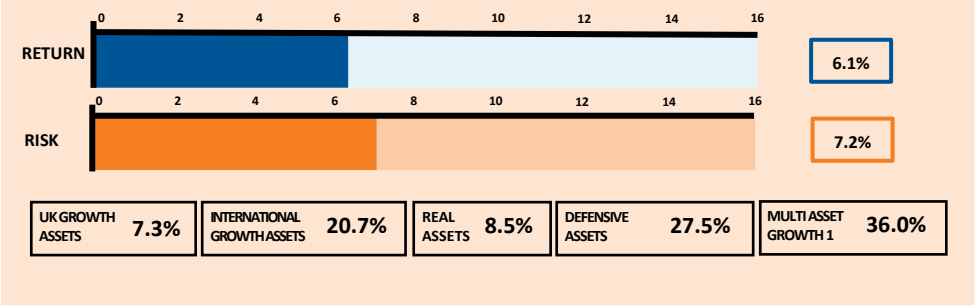
# The Russell Investments' Classic Plus Model Portfolios are designed to help you achieve your financial goals. Your adviser will work with you to customise a portfolio that is right for you.

**Balanced Portfolios**

These portfolios are designed to provide a balance between capital preservation and opportunities for growth. They aim to achieve a moderate level of capital growth over the long term while at the same time aiming to manage risk through diversification.

**Russell Investments' Classic Plus Moderate Model Portfolio**

With more than 50% in lower risk defensive assets and the remainder in higher risk growth and real assets.




If £1,000 is invested for 10 years, based on our calculations:

- the target wealth you could expect is £1,918
- there is a 5% chance that the wealth could be greater than £2,523
- there is a 5% chance that the wealth could be lower than £1,230

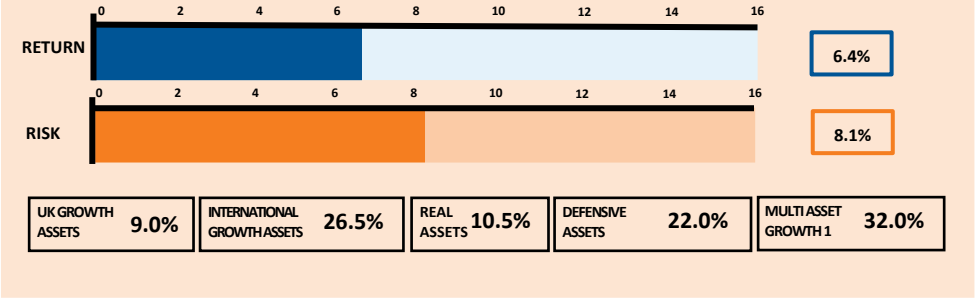
DYNAMIC PLANNER PROFILED 4

Synaptic Risk Rating 4 1-10

Synaptic Risk Rating 2.6 1-5

**Russell Investments' Classic Plus Balanced Model Portfolio**

With more than 50% in higher risk growth and real assets and the remainder in lower risk defensive assets.




If £1,000 is invested for 10 years, based on our calculations:

- the target wealth you could expect is £1,978
- there is a 5% chance that the wealth could be greater than £2,665
- there is a 5% chance that the wealth could be lower than £1,207

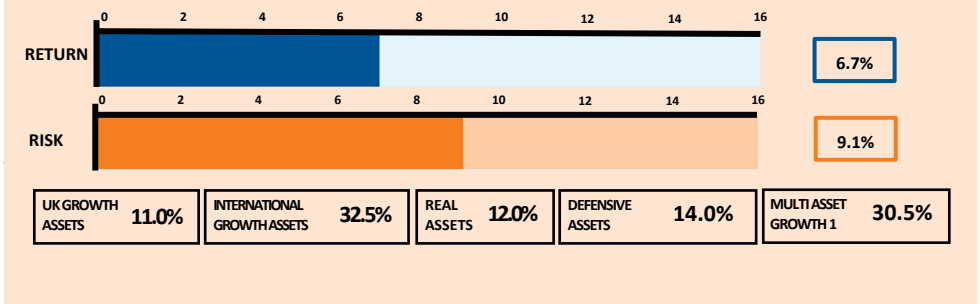
DYNAMIC PLANNER PROFILED 5

Synaptic Risk Rating 4 1-10

Synaptic Risk Rating 2.8 1-5

**Russell Investments' Classic Plus Progressive Model Portfolio**

With more than 60% in higher risk growth and real assets and the remainder in lower risk defensive assets.




If £1,000 is invested for 10 years, based on our calculations:

- the target wealth you could expect is £2,040
- there is a 5% chance that the wealth could be greater than £2,839
- there is a 5% chance that the wealth could be lower than £1,160

DYNAMIC PLANNER PROFILED 5

Synaptic Risk Rating 5 1-10

Synaptic Risk Rating 3.3 1-5

Ongoing charge figures for each Classic Plus Model Portfolio as at 30 November 2023 - Secure: 0.82%, Cautious: 0.83%, Conservative: 0.85%, Moderate: 0.86%, Balanced: 0.90%, Progressive: 0.93%, Adventurous: 0.98%, Growth: 1.03%, Aggressive: 1.09% and Aggressive Plus: 1.16%.

All ongoing charge figures for the models are a weighted average of the underlying funds. The C Accumulation share class for each underlying fund has been used for this illustration.

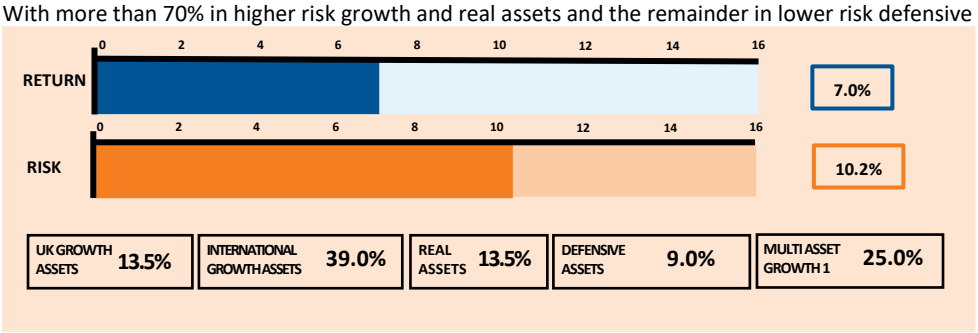
# The Russell Investments' Classic Plus Model Portfolios are all well diversified and actively managed – and available to you with the convenience of a single investment decision.

### Growth Portfolios

These portfolios are designed to help achieve a higher level of capital growth over the long term while aiming to control risk through diversification.

### Russell Investments' Classic Plus Adventurous Model Portfolio

With more than 70% in higher risk growth and real assets and the remainder in lower risk defensive assets.

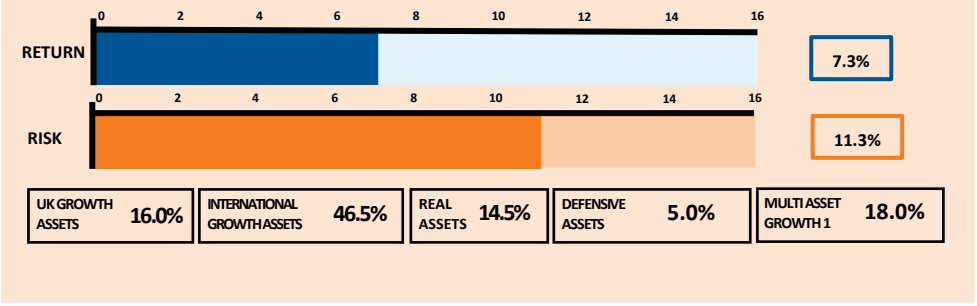



If £1,000 is invested for 10 years, based on our calculations:

- the target wealth you could expect is £2,104
- there is a 5% chance that the wealth could be greater than £3,023
- there is a 5% chance that the wealth could be lower than £1,115

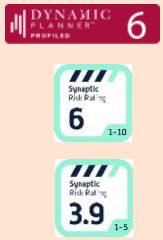
### Russell Investments' Classic Plus Growth Model Portfolio

With more than 80% in higher risk growth and real assets and the remainder in lower risk defensive assets.



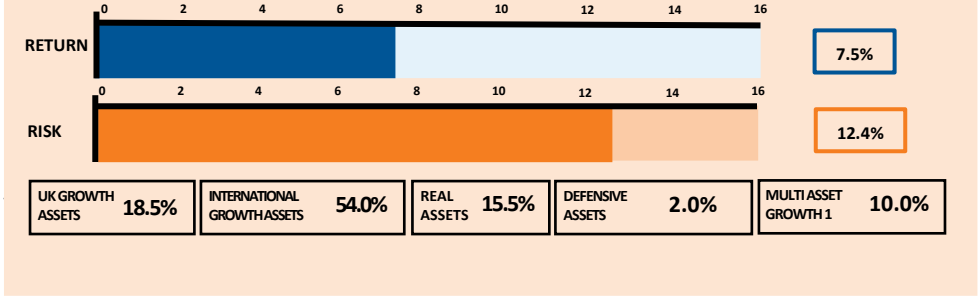

If £1,000 is invested for 10 years, based on our calculations:

- the target wealth you could expect is £2,170
- there is a 5% chance that the wealth could be greater than £3,247
- there is a 5% chance that the wealth could be lower than £1,072



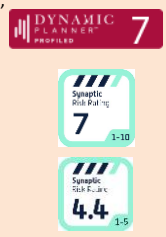

### Russell Investments' Classic Plus Aggressive Model Portfolio

With more than 90% in higher risk growth and real assets and the remainder in lower risk defensive assets.



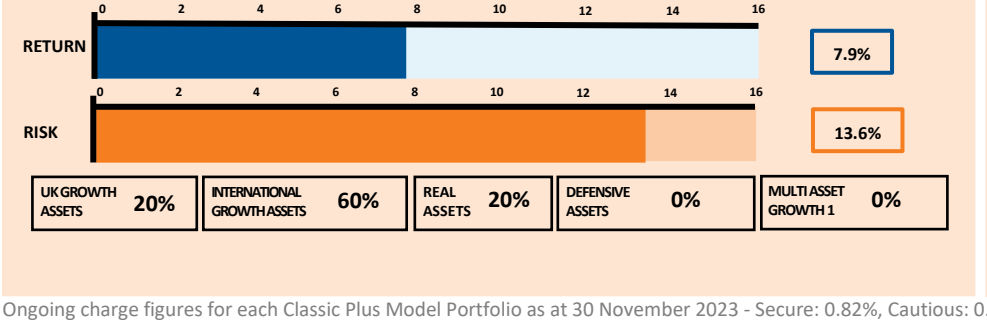

If £1,000 is invested for 10 years, based on our calculations:

- the target wealth you could expect is £2,215
- there is a 5% chance that the wealth could be greater than £3,455
- there is a 5% chance that the wealth could be lower than £1,030



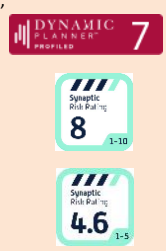

### Russell Investments' Classic Plus Aggressive Plus Model Portfolio

With 100% in higher risk growth and real assets.




If £1,000 is invested for 10 years, based on our calculations:

- the target wealth you could expect is £2,308
- there is a 5% chance that the wealth could be greater than £3,674
- there is a 5% chance that the wealth could be lower than £980

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All ongoing charge figures for the models are a weighted average of the underlying funds. The C Accumulation share class for each underlying fund has been used for this illustration.

We are delighted to announce that Russell Investments' range of Multi-Asset Growth Funds and Model Portfolio building blocks are Risk Rated by Defaqto.

Dynamic Planner provides an independent risk profiling service to enable an accurate assessment of the expected risk characteristics of an investment fund or model portfolio over the longer term. This service performs a vital role in matching the expected risk of a fund or portfolio to that of the end investor's agreed risk mandate - vital to enable advisers to meet and exceed the regulator's suitability requirements.

Russell Investments has widened the Defaqto assessments on a number of funds. The Multi Asset Growth range funds have been fully Risk Rated by Defaqto. Defaqto is an independent financial information business, helping financial institutions, advisers and consumers make better informed financial decisions.

The Synaptic Risk Rating Service is derived from the risk framework provided by Moody's Analytic's Stochastic engine. It has been created to provide advisers with more robust, quantitative measures for risk than is generally available, and provide the opportunity for them to move away from Volatility based ratings. Synaptic Risk Ratings are worked out by analysing the underlying asset classes within the fund or portfolio. No recommendation should be made solely on the basis of the Synaptic Risk Ratings, and additional research should be undertaken for any case.

**Russell Investments Real Assets Fund**

Benchmark: Target Benchmark – against which Fund performance has been set: UK Retail Prices Index (because the Fund will invest in investments that are inflation-linked). The investment manager has discretion over the portfolio composition. Portfolio composition is not constrained by a benchmark.

**Russell Investments International Growth Assets Fund**

Benchmark: Against which Fund performance is compared: MSCI All Country World Index Net 50% Hedged to GBP (because it reflects the geographical diversification of the securities held by the Fund). The Fund is not obliged to hold all constituents of the Comparator Benchmark. Performance may deviate materially from the Comparator Benchmark. The investment manager has discretion over the portfolio composition. Portfolio composition is not constrained by a benchmark.

**Russell Investments UK Growth Assets Fund**

Benchmark: Comparator Benchmark against which Fund performance is compared: FTSE All Share Index (because it reflects the geographical composition of the securities held by the Fund). The Fund is not obliged to hold all constituents of the Comparator Benchmark. Performance may deviate materially from the Comparator Benchmark. The investment manager has discretion over the portfolio composition. Portfolio composition is not constrained by a benchmark.

**Russell Investments Defensive Assets Fund**

Benchmark: The Bank of England Base Rate is the target benchmark against which the performance of the Fund has been set ("Target Benchmark"). The Target Benchmark was chosen because the Fund aims to generate cash equivalent returns. The Investment Manager has discretion over portfolio composition (which is not constrained by a benchmark). The Fund is intended to form a component part of a diversified portfolio of holdings, rather than as a standalone investment.

**Russell Investments Multi Asset Growth Fund I**

Benchmark: No Benchmark: Because the Fund has a flexible allocation between equity and fixed income investments, there is no index or sector that would be an appropriate comparator. The Fund is risk-rated by a risk-rating service provided by Synaptic Software Limited ("Synaptic Risk Ratings"). Synaptic Risk Ratings associates a fund's returns with a particular level of risk and enables comparison between funds which are managed on a similar basis. Performance can be assessed against the range of asset classes in which the Fund invests, in proportion to its holdings in these asset classes. The investment manager has discretion over the portfolio composition.

**IMPORTANT INFORMATION**

For Financial Advisers

FP Russell ICVC (the "Company") is an investment company with variable capital incorporated in England and Wales under registered number IC000708 and authorised by the Financial Conduct Authority (the "FCA") with effect from 22 October 2008. Fund Partners Limited is the Authorised Corporate Director (the "ACD") of the FP Russell ICVC and is authorised and regulated by the FCA. Registered office: Cedar House, 3 Cedar Park, Cobham Road, Wimborne, Dorset, BH21 7SB.

Russell Investments Limited has been appointed as the investment manager and distributor in respect of the Company. Applications for shares in the Company are subject to the terms and conditions set out in the Prospectus, Key Investor Information Document (KIID), Supplementary Information Document (SID), Instrument of Incorporation and latest annual and half-yearly long reports of the Company. Investors and potential investors must read the KIID and are also advised to read the remaining documents (and in particular the risk warnings) before making an investment in the Company. Copies are available free of charge on request from the ACD and Russell Investments Limited.

The value of investments and the income from them can fall as well as rise and is not guaranteed. You may not get back the amount originally invested. Any past performance is not necessarily a guide to future performance. Any forecast, projection or target is indicative only and not guaranteed in any way.

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KvK number 67296386

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