RUSSELL INVESTMENTS

Investment Update

Multi Asset Growth III
February 2023

Contents

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.

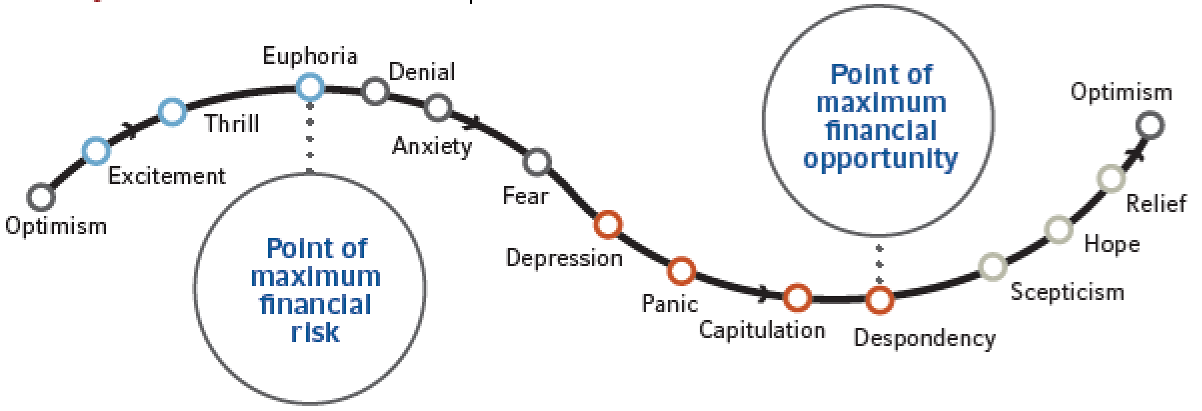
Fund fact sheet

This section describes the fund you are invested in, the makeup of the Fund in terms of multi-manager investments, and the performance of the portfolio over time.

Fund range performance

A look at cumulative returns across the five fund range allows you to see the relationship between increasing risk and the resultant returns in rising markets as well as more challenging times.

The Cycle of Market Emotions



		EXCITEMENT THRILL EUPHORIA		ANXIETY DENIAL FEAR		DEPRESSION PANIC CAPITULATION		DESPONDENCY DESPERATION HOPE OPTIMISM
Market Cycle 1	30%	NOV 1971-DEC 1972 - Inflationary pressures. Productivity improvements - Rapid corporate earnings growth - Introduction of paperless technology	-15%	JAN 1973-JAN 1974 - OPEC Oil crisis – crude oil prices tripled. Inflation - Credit squeeze - Property company failures	-24%	FEB 1974-NOV 1974 - Global recession - Extended bear market	39%	DEC 1974-JUN 1975 - Stock market recovery despite recession
Market Cycle 2	136%	AUG 1984-AUG 1987 - Credit boom - Strong world economic growth	-2%	SEP 1987 - Irrational shareholder sentiment - Peak of overinflated stock values vs historical PEs	-28%	OCT 1987-NOV 1987 - 1987 Global stock market crash	64%	DEC 1987-DEC 1989 - Stock market recovery as value hunters sought to buy quality stocks cheaply
Market Cycle 3	99%	APR 1997-SEP 2000 - Tech boom. Investor exuberance - Emergence of 'new economy' sectors	-28%	OCT 2000-SEP 2001 - Tech bubble burst - September 11 terrorist attacks	-22%	MAR 2002-FEB 2003 - Reduced global economic growth forecasts - Extended bear market - Corporate accounting scandals	52%	MAR 2003-MAY 2005 - Geopolitical uncertainty - Refocus on world economic fundamentals - Boom in resources in response to industrialisation of China
Market Cycle 4	28%	JUN 2005-JUL 2007 - UK house prices hit highs - Credit boom - Higher interest rates	-17%	AUG 2007-SEP 2008 - Credit crunch. Sub-prime mortgage crisis. Collateralised debt obligation (CDO) failures - Lehman Brothers declares bankruptcy	-37%	OCT 2008-FEB 2009 - Global financial crisis - European and U.S. recessions. Negative real GDP reported for major developed countries in Q4 2008	225%	MAR 2009-DEC 2014 - Global stock market recovery - Deleveraging, slow economic growth
Market Cycle 5	85%	JAN 2015-FEB 2020 - Return to full employment in U.S. - Optimism rises with U.S. tax cuts - Trade war creates volatility in 2018 - 2019 Fed rate cuts extend the cycle - Virus originating in China is identified as COVID-19	-13%	Late Feb 2020 - COVID-19 virus spreads worldwide - Global stock markets fell in late Feb 2020 due to a significant rise in the number of COVID-19 cases outside of mainland China	-29%	MAR 2020 - COVID-19 is classified as a global pandemic - Travel and commerce begin to be restricted worldwide as COVID-19 pandemic eventually forces most of the world population into quarantine	63%	MAR 2020-DEC 2021 - Global economic recovery begins - Supportive central bank policies
Market Cycle 6	35%	NOV 2020 – DEC 2021 - Effective COVID-19 vaccine announced and rolled out globally - Central banks maintain maximum levels of stimulus - Lockdown support from governments continue - Lockdowns begin to be eased	-18%	DEC 2021 – MAY 2022 - Russian invasion of Ukraine sparks geopolitical fears, energy price shocks - Fears that spiking inflation will not be transitory - Bank of England and U.S. Fed commence rate hikes - Global stock markets start to fall	-7%	JUN 2022 – OCT 2022 - Investors panic and stock markets decline on fears that central banks will need to act aggressively to contain inflation - Bond yields rise sharply - Short lived Liz Truss government forces the Bank of England into emergency operations to stem gilt yield increases - UK bond markets sell-off in response to government policies for unfunded tax cuts that markets believe will be inflationary	18%	NOV 2022 – FEB 2023 - Stock market recovery on hopes that inflation is declining and central banks are close to pausing rate hikes - China re-opening and stimulus hopes as "zero-tolerance" COVID lockdowns are eased

For illustrative purposes only. Latest month end data as at 31 January 2023.

Source: Russell Investments. Market cycle returns calculated using Ibbotson U.S. Equity Total Return Index from 1971–1978 and Russell 3000® Index from 1979–2023. Any past performance is not necessarily a guide to future performance. Past performance does not predict future returns. Indexes are unmanaged and cannot be invested in directly.

Market Outlook

Market Review – February 2023

- Global equities and fixed income markets declined after a strong start to the year. Investors reconsidered their interest rate expectations after widespread central bank action at the beginning of the month. In the US, the Federal Reserve (Fed) raised its key interest rate by 25 basis points (bps), with chair Jerome Powell stressing the need for further rises. This came amid stronger-than-expected US employment data for January and the Fed's preferred inflation measure exceeding market expectations. The benchmark 10-year US Treasury yield increased 41 bps to 3.92%. In the UK, the Bank of England raised rates by 50 bps and predicted that further tightening would be necessary. Inflation in the country slowed more than expected in January, with both CPI and core inflation falling more than expected. The composite, manufacturing, and services PMI also exceeded market expectations, according to flash February data. The benchmark 10-year gilt yield rose 50 bps to 3.83%. In the eurozone, the European Central Bank also lifted rates by 50 bps, with President Christine Lagarde reiterating the central bank would "stay the course". The region's annual inflation eased in January but less than expected, while prices rose over the previous month. The benchmark 10-year German bund yield rose 36 bps in January to 2.65%.
- Emerging Markets underperformed developed markets this month amid a dampening in risk appetite and a cooling down in China's reopening rally. This was despite the country's PMI figures for January moving into expansionary territory. The US dollar rose against most currencies this month, which was a further headwind.
- Source: Confluence, Bloomberg. All data as at 28th February 2023. All returns are in GBP terms.

Market Outlook

Strategist's Outlook

- Although **non-US developed equities** are cheaper than US equities, we have a neutral preference until the Fed become less hawkish and the US dollar weakens.
- **Emerging market equities** could recover if there is significant China stimulus, the Fed slows the pace of tightening, energy prices subside, and the US dollar weakens. For now, a neutral stance is warranted.
- **High yield** and **investment grade credit** spreads are near their long-term averages, although the overall yield on US high yield at near 8.5% is attractive. Spreads will come under upward pressure if US recession probabilities increase and there are fears of rising defaults. We have a neutral outlook on credit markets.
- **Government bond** valuations have improved after the rise in yields. US, UK and German bonds offer good value. Japanese bonds are still expensive with the Bank of Japan defending the 25-basis-point yield limit. Our methodology has fair value for Japanese government bond yields at around 50 basis points. Yields have risen sharply in most markets in recent months. The risk of a further significant selloff seems limited given inflation is close to peaking and markets have priced hawkish outlooks for most central banks.
- **Real assets:** Real-estate investment trusts (REITs) look attractively valued relative to global equities and listed infrastructure and should benefit from declining bond yields. The **commodities** outlook is mixed, given the expected slowdown in the global economy. A post-lockdown increase in construction activity in China next year will support demand for industrial metals. The energy market outlook is complex. Recessions will reduce oil demand, but the supply side may tighten if more restrictions are placed on Russian oil exports.
- The **US dollar** has made gains this year on Fed hawkishness and safe-haven appeal during the Russia/Ukraine conflict. It could weaken if inflation begins to decline and the Fed pivots to a less hawkish stance in early 2023. The main beneficiaries are likely to be the **euro** and the **Japanese yen**. The yen could also appreciate strongly if the successor to BoJ Governor Kuroda moves away from the current yield-curve control strategy.

Synaptic Risk Rating 3.1 1-5

DYNAMIC PLANNER PROFILED 5

RISK RATING 5 defaqto

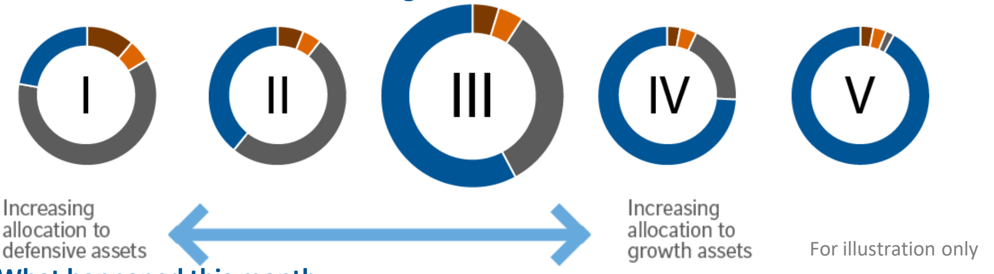
Russell Investments

28 February 2023

Multi Asset Growth III

The Fund aims to achieve capital appreciation over the long term. Capital invested in the Fund is at risk and there is no guarantee that that the investment objective will be met. The Fund may invest up to 75% of the scheme property in riskier assets providing potential for more aggressive growth, such as equities, indirect exposure to listed real estate, listed infrastructure and commodities. Fund may use currency hedging techniques to reduce exposure to currencies other than Sterling. The fund utilises both active management and passive strategies in its implementation.

The Multi Asset Growth Funds Range



Portfolio Manager
Alain Zeitouni

Russell Investment's Multi-Asset Strategies Team comprises over 50 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.

What happened this month

The Fund delivered a negative return in February following a strong January. Investors revised their interest rate expectations upwards after resilient economic data during the month, including strong US employment and elevated core inflation readings in the US and Europe. Additionally, emerging markets cooled down amid a pause in China's reopening rally. In this market environment, defensive assets underperformed risk assets. Within fixed income, the exposure to government bonds and investment grade credit detracted as yields rose sharply. Our exposure to high yield bonds and in particular convertible bonds was less negative given limited credit spread movements and their low interest rate sensitivity. Within equities, our non-US equity bias was beneficial, with the UK helped by its defensive sector composition and European banks benefiting from higher rates. Despite this, global equities delivered a negative return overall. However, our mostly unhedged equity exposure was beneficial as the US dollar strengthened over the period. The Fund's small exposure to listed infrastructure was helpful given its more defensive profile compared to global equities.

Fund facts

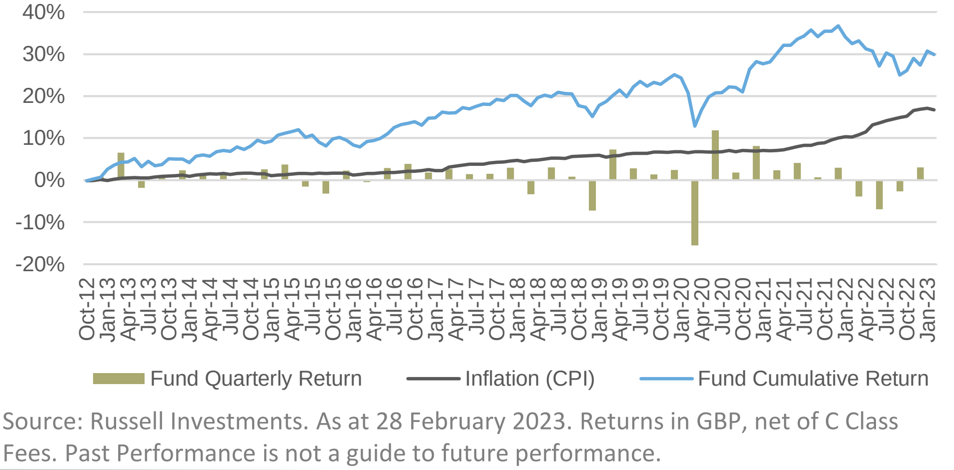
Inception Date
2nd October 2012
ISIN (SEDOL)
GB00(B7W5QJ2)4
Ongoing Charge
0.70% (31/05/2022)
Minimum Investment
£1,000 initial, £500 subsequent
Currency
GBP
Distribution Date
28 February

Performance Review

Fund Name	1 Month	6 Months	1 Year	2 Years	3 Years	Since Inception (PA)	31/12/22-31/12/21	31/12/21-31/12/20	31/12/20-31/12/19	31/12/19-31/12/18	31/12/18-31/12/17
Multi Asset Growth III (C Acc)	-0.9	0.5	-2.9	2.2	12.4	4.4	-10.4	10.4	4.0	14.5	-6.9

The Fund does not have a benchmark. The Fund has a flexible allocation between equity and fixed income investments, meaning that 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"). For further details please see: https://www.synaptic.co.uk/research-tools/synaptic-risk 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. The risk profile allocated to a fund by Synaptic Risk Ratings will depend on the allocation of the fund's assets to riskier assets. The higher the fund's allocation to riskier assets the more risky the fund. This Fund may invest up to 75% of the scheme property in riskier assets.

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).

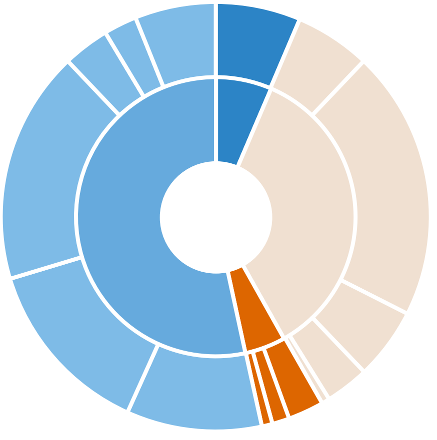


Source: Russell Investments. As at 28 February 2023. Returns in GBP, net of C Class Fees. Past Performance is not a guide to future performance.

28 February 2023

Multi Asset Growth III (continued)

Current Fund Allocation



Cash	5.7%	**Cash**	**5.7%**
Investment Grade	6.0%	**Fixed Income**	**35.5%**
Government Bonds	20.2%		
High Yield	5.5%		
Convertible Debt	2.9%		
Alternative Credit	0.8%		
EMD	0.0%		
Real Estate	3.9%	**Real Assets**	**5.2%**
Infrastructure	0.2%		
Commodities	1.1%		
Global Equities	10.4%	**Equities**	**53.7%**
US	12.5%		
UK	17.1%		
Pan Europe ex UK	3.6%		
Japan	2.6%		
Emerging Equity	7.5%		

Source: Russell Investments. Data correct as at 28 February 2023. Total may not add up to 100% due to rounding.

Portfolio Statistics

	Fund
Volatility (Since Inception)*	7.7%
Highest One-Year Return	26.0%
Lowest One-Year Return	-10.5%
Positive One-Year Returns	73.5%
Current Yield	1.2%
Fund Size	£109.6m

Source: Russell Investments, as at 28 February 2023.
Any past performance is not necessarily a guide to future performance.
*Volatility describes the extent to which the funds' return has fluctuated over time

Multi Asset Growth Range

Performance data as at 28 February 2023

This table shows the performance of the Multi Asset Growth Funds for different periods.

	Cumulative Performance (%)						PA (%)
Fund Name	1 Month	3 Months	6 Months	1 Year	2 Years	3 Years	Since launch*
Multi Asset Growth I	-1.5	0.1	-1.2	-7.1	-6.5	-2.6	1.4
Multi Asset Growth II	-1.3	0.5	-0.4	-5.3	-2.3	4.5	2.6
Multi Asset Growth III	-0.9	1.2	0.5	-2.9	2.2	12.4	4.4
Multi Asset Growth IV	-0.6	1.8	1.3	-1.4	5.6	18.8	4.6
Multi Asset Growth V	-0.3	2.4	2.0	0.7	10.8	27.1	5.8

	Discrete Performance (%)										
Fund Name	31/12/22-31/12/21	31/12/21-31/12/20	31/12/20-31/12/19	31/12/19-31/12/18	31/12/18-31/12/17	31/12/17-31/12/16	31/12/16-31/12/15	31/12/15-31/12/14	31/12/14-31/12/13	31/12/13-31/12/12	31/12/12-31/12/11
Multi Asset Growth I	-12.3	3.3	4.3	9.2	-5.0	4.2	7.2	-0.9	--	--	--
Multi Asset Growth II	-11.3	6.6	4.4	11.7	-6.0	6.3	8.1	-1.1	--	--	--
Multi Asset Growth III	-10.4	10.4	4.0	14.5	-6.9	8.9	8.2	1.0	6.5	8.0	0.7
Multi Asset Growth IV	-10.2	13.7	3.8	16.7	-8.0	10.4	7.7	-1.4	--	--	--
Multi Asset Growth V	-8.9	17.3	3.1	18.9	-8.8	11.5	9.5	-1.5	--	--	--

Source: Russell Investments as at 28/02/2023. Any past performance figures are not necessarily a guide to future performance.

Multi Asset Growth Range

Performance data as at 28 February 2023

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

Common indices	Cumulative Performance (%) 1 Month	3 Months	6 Months	1 Year	2 Years	3 Years	PA (%) Since launch*
Cash Bank of England Base	0.3	0.9	1.4	2.0	2.1	2.3	0.6
UK Gilts FTSE All Stocks Gilts	-3.3	-4.8	-7.3	-20.3	-22.8	-26.0	0.3
Global Credit Bloomberg Global Agg Credit GBP Hedged	-2.4	-0.3	-1.7	-10.6	-13.9	-12.5	1.4
UK equities FTSE All Share	1.5	4.6	8.7	7.3	24.5	28.9	7.2
Global equities MSCI ACWI GBP Hedged	-1.6	-0.7	2.4	-6.2	5.6	31.4	9.8
Emerging Markets MSCI Emerging Markets	-4.9	-2.1	-6.1	-6.1	-12.6	8.6	4.9
Property FTSE EPRA/NAREIT Global	-2.8	-0.4	-6.3	-5.9	10.5	2.1	6.7

Common indices	Discrete Performance (%) 31/12/22-31/12/21	31/12/21-31/12/20	31/12/20-31/12/19	31/12/19-31/12/18	31/12/18-31/12/17	31/12/17-31/12/16	31/12/16-31/12/15	31/12/15-31/12/14	31/12/14-31/12/13	31/12/13-31/12/12	31/12/12-31/12/11
Cash Bank of England Base	1.5	0.1	0.2	0.7	0.6	0.3	0.4	0.5	0.5	0.5	0.3
UK Gilts FTSE All Stocks Gilts	-23.8	-5.2	8.3	7.0	0.5	1.8	10.2	0.6	13.8	-4.0	2.6
Global Credit Bloomberg Global Agg Credit GBP Hedged	-15.3	-1.1	6.8	10.0	-2.1	4.2	5.3	0.2	7.8	-0.3	10.5
UK equities FTSE All Share	0.3	18.3	-9.8	19.2	-9.5	13.1	16.8	1.0	1.2	20.8	12.3
Global equities MSCI ACWI GBP Hedged	-17.1	23.9	11.7	25.5	-8.4	17.6	8.2	1.8	10.0	29.1	15.2
Emerging Markets MSCI Emerging Markets	-10.0	-1.6	14.7	13.8	-9.3	25.4	32.6	-10.0	3.9	-4.4	13.0
Property FTSE EPRA/NAREIT Global	-15.7	27.3	-11.8	17.2	0.2	0.8	24.1	5.0	22.2	1.7	22.1

Source: Russell Investments as at 28/02/2023. Any past performance figures are not necessarily a guide to future performance.

FOR MORE INFORMATION:

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