RUSSELL INVESTMENTS

Investment Update

Multi Asset Growth V

January 2024

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		DENIAL ANXIETY FEAR		DEPRESSION PANIC CAPITULATION		DESPONDENCY SKEPTICISM HOPE RELIEF 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	224%	MAR 2009-DEC 2014 • Global stock market recovery • Deleveraging, slow economic growth
Market Cycle 5	79%	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	-14%	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 • CARES Act was signed into U.S. law, sending Economic Impact Payments to qualifying U.S. citizens	63%	APR 2020 - MAR 2021 • Global economic recovery begins • Supportive central bank policies • Global COVID-19 vaccine rollout
Market Cycle 6	18%	APR 2021 – 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	-21%	JAN 2022 - JUN 2022 • Federal Reserve begins interest rate hiking regime • Inflation hits 40-year highs	-4%	JUL 2022 - SEP 2022 • Job market remains strong as unemployment is near all-time lows • Inflation starts to decline from its June 2022 peak	35%	OCT 2022 - DEC 2023 • Magnificent 7" drove markets for most of 2023 • The Federal Reserve has likely finished lifting rates due to slowing jobs growth and declining inflation • Labour markets need to soften further to put the final nail in the coffin of an inflation overshoot • Recession risks and macro uncertainty remain elevated, while markets are priced in anticipation of a "soft landing"

For illustrative purposes only. Latest month end data as at 31 January 2024.

Source: Russell Investments. Market cycle returns calculated using Ibbotson U.S. Equity Total Return Index from 1971–1978 and Russell 3000® Index from 1979–2024. 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 – January 2024

- Global equity markets were positive while fixed income markets started the year on a weak note. The US dollar made broad gains against other major currencies, while oil prices climbed on supply concerns triggered by escalating tension in the Middle East. Strong demand for gold, notably from China, kept prices for the precious metal above US$2,000 per troy ounce after reaching record highs in December. The Federal Reserve (Fed), European Central Bank (ECB) and the Bank of England (BoE) left interest rates unchanged at their rate-setting meetings, as expected.
- US equities outperformed most other markets except Japan. Positive sentiment over the economy and dovish comments from the Fed drove indices higher with the S&P 500 Index reaching a record high. In addition, early signs from the earnings season indicated that companies have coped with higher interest rates well. Although the Fed signalled interest rate cuts ahead, Chair Jerome Powell stressed they won't come as early as March, which sent stock prices sharply lower. The benchmark 10-year US Treasury yield rose three basis points (bps) to 3.91%.
- In contrast, UK equities weakened over the month, underperforming global equities and other western markets amid concerns over stubborn inflation and fears of recession. However, GDP grew 0.3% in November, better than forecast. Stocks fell mid-month following news that headline inflation rose unexpectedly in December. UK gilts struggled in this market environment; the benchmark 10-year gilt yield rose 25 bps to 3.79%. European equities were subdued, but did better than Asia Pacific, emerging markets and the UK. Rising inflation in December spooked markets early in the month, denting optimism over potential rate cuts. In this market environment, the German 10-year bund yield also rose, increasing by 15 bps to 2.17%. On the other hand, Japanese equities outperformed all other markets, with the TOPIX reaching the highest level in 34 years, boosted by the weaker yen, which supported exports and robust corporate earnings.
- Emerging markets continued to underperform developed markets this month, with China being one of the biggest laggards alongside Asia ex Japan. China investors remained unconvinced that government measures would reinvigorate the economy and restore the ailing property sector. The latter hit the headlines again when a Hong Kong court ordered the country's largest property developer Evergrande to be liquidated.

Source: Confluence, Bloomberg. All data as at 31st January 2024. All returns are in GBP terms.

Market Outlook

Strategist's Outlook

- **Equities** offer limited upside as valuation multiples are expensive given elevated recession risks. The Quality factor is a preferred exposure within the equity market. It trades at a reasonable relative valuation to the market and the style's emphasis on profitable companies with strong balance sheets can offer useful defense if the economy slows and interest rates decline.
- Our portfolio strategies are **neutral across major equity regions. Non-US developed equities** trade at a steep discount to US equities but lack cycle support, particularly in Europe, where economies are flirting with recession and earnings trends have been weaker in recent quarters.
- Chinese equities have sharply underperformed the S&P 500 Index in 2023, lagging by almost 30 percentage points. Given the structural challenges facing China's economy, we need evidence that the market is extremely oversold before overweighting the region. Our sentiment indicators show pessimism – but not a panic extreme – leaving us neutral on China and broader **Emerging Markets.**
- **Government bonds** offer attractive value as yields trade well in excess of expected inflation. If developed market economies slip into recession, we expect central banks to cut interest rates more aggressively than currently priced into forward curves. **US Treasuries** are a preferred overweight exposure. Our fixed income strategy team sees particularly good value in the five-year segment of the yield curve and potential for the curve to re-steepen if more aggressive rate cuts are delivered in 2024 and 2025. Our favourable outlook for government bonds extends across most major sovereigns, including Canada, Germany, Australia and the UK. The only notable outlier is Japan, where yields are depressed and out-of-synch with the rest of the world.
- **High yield** and **investment grade** spreads are uncomfortably tight into an environment of elevated economic uncertainty, leading us to dampen our normal strategic overweight to corporate credit.
- **Real Estate Investment Trusts (REITs)** and **Global Listed Infrastructure** look attractively valued relative to global equities. Our business cycle outlook is more positive for REITs than infrastructure, as REITs are more interest-rate sensitive and could benefit from lower yields in the year ahead. Oil is likely to be volatile in 2024 given the potential for further supply cuts from OPEC+, geopolitical risk in the Middle East and slowing global demand. Industrial metals should benefit from increased construction, infrastructure, and capital expenditure in China.
- The **US dollar** is expensive on a purchasing-power-parity basis, which suggests potential for the greenback to depreciate over the medium-term. However, the potential for a global recession in 2024 could result in further upside for the dollar in the short-term as investors flock to the relative safety of US assets. These two-sided risks warrant a neutral stance.

Synaptic Risk Rating 4.8 1-5

DYNAMIC PLANNER PROFILED 7

RISK RATING 8 defaqto

Russell Investments

31 January 2024

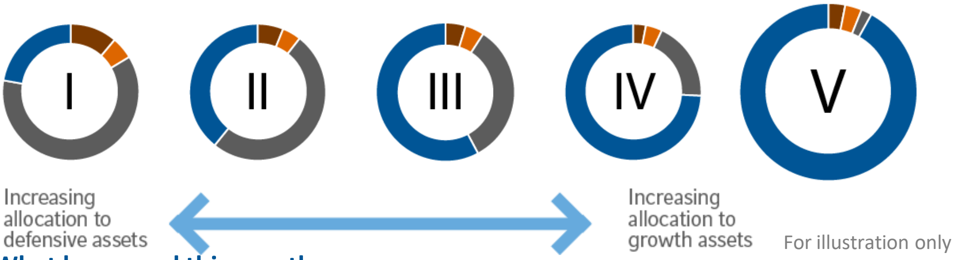
Multi Asset Growth V

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 100% 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. The 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.

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.

The Multi Asset Growth Funds Range



What happened this month

The Fund delivered a small negative return in January. Central bank officials made concerted efforts to dampen speculation over early interest rate cuts, stressing that further evidence of price and wage pressures easing was required. This made investors recalibrate their expectations of interest rate cuts this year. In this market environment, our exposure to US, Japanese and European equities was rewarded. Japanese equities benefitted from a weaker yen, while US equities were boosted by strong GDP and consumer sentiment releases. European stocks fared better than emerging markets and the UK, which lagged most western markets due to its defensive nature and low technology weight, detracted. Our exposure to emerging markets was also unfavourable, as these continued to lag due to concerns over slower growth and the struggling property sector in China. Our active management within equities was mixed as weakness from Japan and Continental Europe negated the positive excess returns from the UK Equity Fund. Our small allocation to listed infrastructure and listed real estate detracted given the higher rates environment. Meanwhile, our small exposure to commodities was mixed: oil prices rose on continued tensions in the Middle East, while broader commodities were subdued due to persistent growth concerns in China.

Performance Review

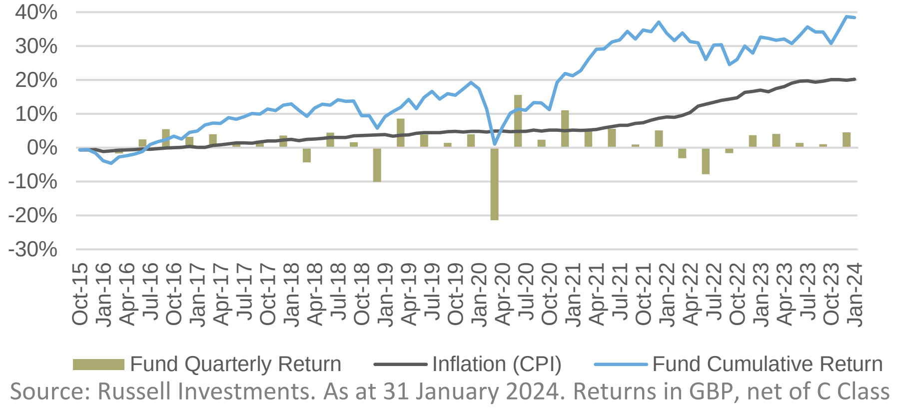
Fund Name	1 Month	6 Months	1 Year	2 Years	3 Years	Since Inception (PA)	31/12/23-31/12/22	31/12/22-31/12/21	31/12/21-31/12/20	31/12/20-31/12/19	31/12/19-31/12/18
Multi Asset Growth V (C Acc)	-0.2	2.7	5.9	4.7	19.8	5.9	11.5	-8.9	17.3	3.1	18.9

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 100% of the scheme property in riskier assets.

Fund facts

Inception Date	
23rd November 2015	
ISIN (SEDOL)	
GB00(BYXJKV2)1	
Ongoing Charge	
0.67% (31/05/2022)	
Minimum Investment	
£1,000 initial, £500 subsequent	
Currency	
GBP	
Distribution Date	
28 February	

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).

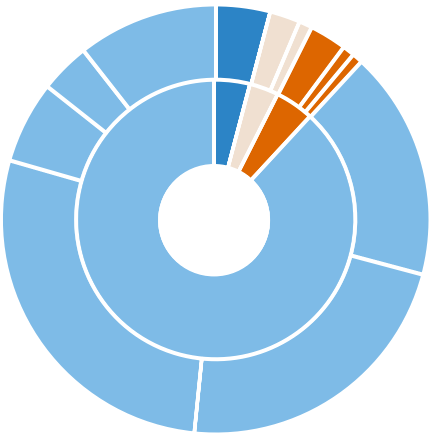


Source: Russell Investments. As at 31 January 2024. Returns in GBP, net of C Class Fees. Past Performance is not a guide to future performance.

31 January 2024

Multi Asset Growth V (continued)

Current Fund Allocation



Cash	4.2%	**Cash**	**4.2%**
Investment Grade	0.0%		
Government Bonds	0.0%		
High Yield	1.9%	**Fixed Income**	**2.9%**
Convertible Debt	1.0%		
EMD	0.0%		
Real Estate	3.7%		
Infrastructure	0.0%		
Commodities	1.3%	**Real Assets**	**5.0%**
Global Equities	17.3%		
US	25.2%		
UK	25.3%		
Pan Europe ex UK	5.3%	**Equities**	**87.9%**
Japan	4.0%		
Pacific Basin	0.0%		
Emerging Equity	10.9%		

Source: Russell Investments. Data correct as at 31 January 2024. Total may not add up to 100% due to rounding.

Portfolio Statistics

	Fund
Volatility (Since Inception)*	10.9%
Highest One-Year Return	37.5%
Lowest One-Year Return	-14.0%
Positive One-Year Returns	72.4%
Current Yield	1.3%
Fund Size	£19.0m

Source: Russell Investments, as at 31 January 2024.
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 31 January 2024

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	-0.6	6.3	3.5	3.2	-4.2	-3.0	1.8
Multi Asset Growth II	-0.6	6.8	3.4	3.9	-2.0	2.5	3.0
Multi Asset Growth III	-0.4	7.4	3.2	4.5	0.5	8.3	4.5
Multi Asset Growth IV	-0.2	8.2	3.3	5.8	2.7	13.7	4.9
Multi Asset Growth V	-0.2	8.0	2.7	5.9	4.7	19.8	5.9

	Discrete Performance (%)										
Fund Name	31/12/23-31/12/22	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
Multi Asset Growth I	7.2	-12.3	3.3	4.3	9.2	-5.0	4.2	7.2	--	--	--
Multi Asset Growth II	8.2	-11.3	6.6	4.4	11.7	-6.0	6.3	8.1	--	--	--
Multi Asset Growth III	9.3	-10.4	10.4	4.0	14.5	-6.9	8.9	8.2	1.0	6.5	8.0
Multi Asset Growth IV	11.1	-10.2	13.7	3.8	16.7	-8.0	10.4	7.7	--	--	--
Multi Asset Growth V	11.5	-8.9	17.3	3.1	18.9	-8.8	11.5	9.5	--	--	--

Source: Russell Investments as at 31/01/2024. Any past performance figures are not necessarily a guide to future performance.

Multi Asset Growth Range

Performance data as at 31 January 2024

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	0.4	1.3	2.6	4.8	6.6	6.8	0.9
UK Gilts FTSE All Stocks Gilts	-2.2	6.1	4.2	-1.2	-19.7	-25.5	0.5
Global Credit Bloomberg Global Agg Credit GBP Hedged	-0.1	7.9	4.4	4.3	-6.7	-9.4	1.9
UK equities FTSE All Share	-1.3	6.2	1.1	1.9	7.2	27.5	6.6
Global equities MSCI ACWI GBP Hedged	1.8	14.6	5.5	17.2	8.7	29.0	10.7
Emerging Markets MSCI Emerging Markets	-4.5	2.0	-5.0	-6.2	-10.1	-14.7	4.4
Property FTSE EPRA/NAREIT Global	-3.9	10.7	1.5	-6.6	-11.9	8.1	5.7

Common indices	Discrete Performance (%) 31/12/23-31/12/22	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
Cash Bank of England Base	4.7	1.5	0.1	0.2	0.7	0.6	0.3	0.4	0.5	0.5	0.6
UK Gilts FTSE All Stocks Gilts	3.7	-23.8	-5.2	8.3	7.0	0.5	1.8	10.2	0.6	13.8	-4.0
Global Credit Bloomberg Global Agg Credit GBP Hedged	7.6	-15.3	-1.1	6.8	10.0	-2.1	4.2	5.3	0.2	7.8	-0.3
UK equities FTSE All Share	7.9	0.3	18.3	-9.8	19.2	-9.5	13.1	16.8	1.0	1.2	20.8
Global equities MSCI ACWI GBP Hedged	22.5	-17.1	23.9	11.7	25.5	-8.4	17.6	8.2	1.8	10.0	29.1
Emerging Markets MSCI Emerging Markets	3.6	-10.0	-1.6	14.7	13.8	-9.3	25.4	32.6	-10.0	3.9	-4.4
Property FTSE EPRA/NAREIT Global	3.5	-15.7	27.3	-11.8	17.2	0.2	0.8	24.1	5.0	22.2	1.7

Source: Russell Investments as at 31/01/2024. Any past performance figures are not necessarily a guide to future performance.

FOR MORE INFORMATION:

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