

Private markets investing



Service summary

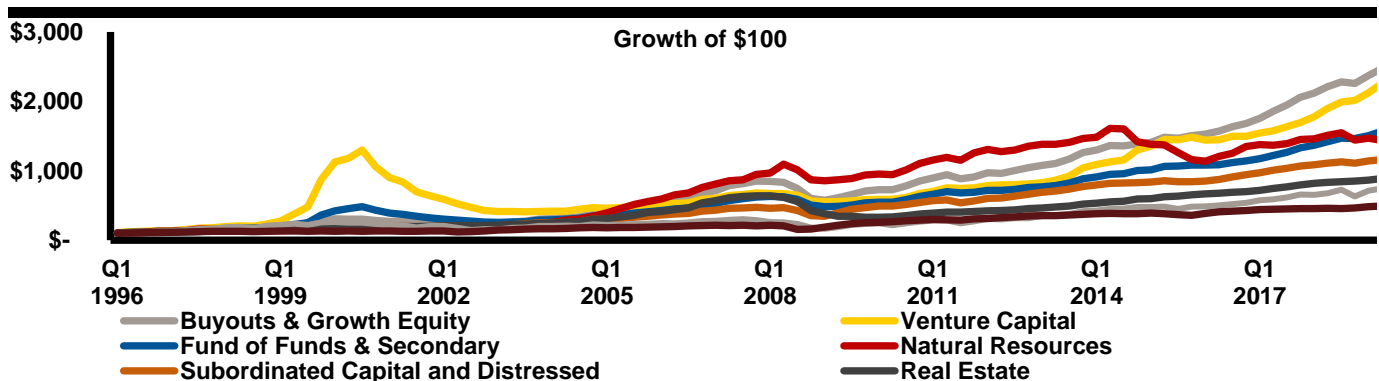
The challenge

Global share markets are increasingly volatile and are expected to deliver lower returns than they have over the last number of years; while bond markets are at risk from rising interest rates. As a result, many investors are seeking diversification from traditional investments, alternative sources of yield, and attractive risk-adjusted returns. Private markets have the potential to deliver on those objectives.

However, successfully investing in private markets requires deep market insight; highly specialised investment research, operational, and legal due diligence skills; extensive portfolio design, construction, implementation and management expertise; and access to best in class managers.

Why invest in private markets?

Private markets provide diversification, and over the long term, have outperformed traditional assets*, which is why investors consider them. Given the current market environment and expectations for lower returns in traditional markets, investors are looking for exposure to alternatives, including private markets.



Source: Private asset returns taken from the "Cambridge Associates Private Fund Performance Benchmark Calculator", data as at 30 September 2019. For illustrative purpose only. Note: Returns for the S&P 500 Index and Bank of America Merrill Lynch U.S. High Yield Total Return Index were accessed through Bloomberg and the Federal Reserve Economic Data (FRED). Cambridge Associates Private Equity performance is net of underlying fund fees.

*Past performance is not a guide to future performance.

Introducing our private market capabilities

Our private markets expertise is global and spans the spectrum of asset types, including:

- Private capital (buyouts, secondaries, venture capital).
- Private real estate (core, value-added, opportunistic).
- Private infrastructure (core, value-added, opportunistic).
- Private debt.
- Niche strategies such as natural resources, energy, and other real assets.
- Impact investing, which is an evolution of Environmental, Social and Governance (ESG) and enables investors to pursue financial and/or social goals through private markets.

Our solutions are created using our design - construct - manage approach, which combines a top down perspective of our strategists, evaluation of global market opportunities as well as bottom up selection of Russell Investments' researched "best-in-breed" managers available which have been carefully vetted through our rigorous due diligence process. We take a holistic approach for our clients, which includes consideration of total portfolio objectives and constraints, risk tolerances, liquidity budget, time horizon, portfolio size, internal resourcing and operational needs, among other things.

We believe creating portfolios providing diversified exposure by manager, geography and sector requires specialist skills. Our research and portfolio management capabilities, manager access and investment scale ensure these opportunities are available to you.

What sets Russell Investments apart?

Russell Investments has been delivering private markets expertise to clients for decades. We have over 46 years of experience, and began the journey as a pioneer in advocating for private real estate as an institutional asset class in the early 1970's. Today we have 17+ professionals dedicated to alternative investments delivering our capabilities across a spectrum of asset types. Our firm stands out in three key areas:

Industry leadership

Our team includes global professionals with fund advisory seats and participation in influential industry bodies. This means our clients have access to leading-edge insights and investor advocacy.

For example:

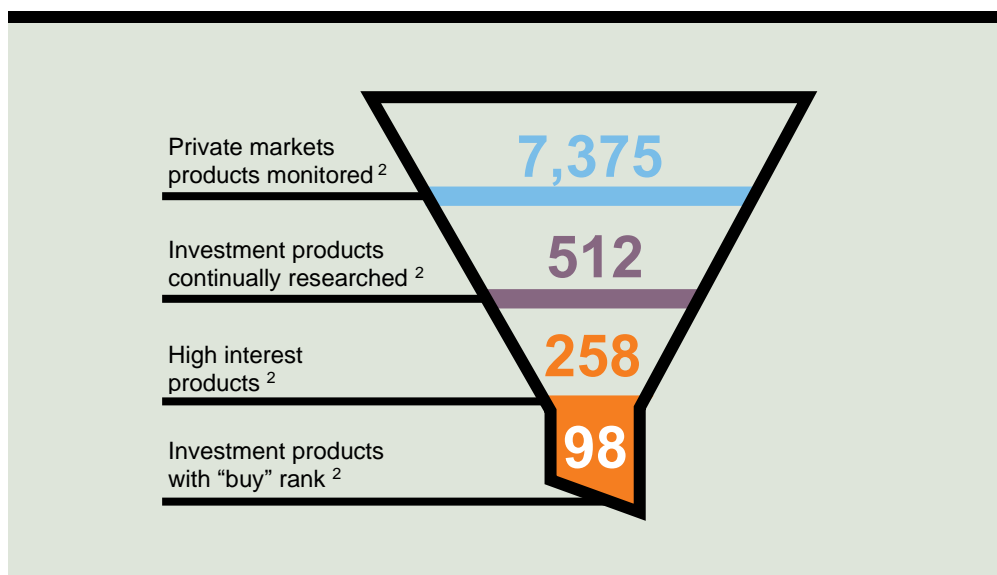
- We currently serve on more than fifty private markets Limited Partner Advisory Committees/Advisory Boards (LPACs). LPACs support the ongoing feedback loop between investment managers and their Funds' limited partners and can have a critical impact on key issues including conflicts of interest, related party transactions, and a variety of other important elements.
- We created the first industry real estate benchmark in 1971, the Russell Property Index (now NCREIF Property index) and have remained an active participant in the real estate markets throughout our history.
- We set the industry standard for manager due diligence questionnaire for U.S. private core real estate managers as demonstrated by NCREIF adopting Russell Investments' open-end fund manager questionnaire as industry standard in 2010.
- Our associates are or have been on committees with the INREV, ANREV, NCREIF, PREA and Investment Property Database (IPD).

Strong investment, operational and legal due diligence discipline

Russell Investments has world-class investment research capabilities and independent operational and legal due diligence teams. Due diligence is important in any asset class, but particularly important in private markets given the relatively long-term nature of the commitment and the performance difference between top quartile and bottom quartile managers have historically been significant. Our expertise is designed to ensure you can invest in opportunities with high conviction. For nine consecutive years, Russell Investments was globally ranked among the leading institutional outsourced managers.¹

Global research coverage and consultative approach, with consistent governance and oversight

Our manager research and consulting heritage are reflected in our solutions of today. We spend the time to understand client needs in the context of their total portfolio and implement our strategic advice through solutions designed to deliver particular outcomes. We believe our commitment to maintaining a global presence with on-the-ground research professionals in the U.S., Europe and Asia, is a benefit to our clients as it enables us to meet with managers in local markets and be at the forefront of global investment opportunities.



Russell Investments is a global firm with over \$270 billion in AUM, spanning traditional and alternative investment classes. The interaction of our associates across traditional and alternative investments, including listed real estate, listed infrastructure, commodities, hedge funds and private markets teams means clients benefit from the breadth of knowledge and expertise that is not readily available from other providers. We would welcome the opportunity to serve you.

¹ Source: Pensions & Investments, "Tradewatch for Q1 2020," Issue date: 9 March 2020. Retrieval at: <https://www.pionline.com/interactive/tradewatch-q1-2020>

² Source: Russell Investments. Data as of January 2020 and accounts for ranks which have been established since January 2015. Not all funds may be open/available for investment. For illustrative purposes only. There is no guarantee that Russell Investments will identify underlying managers that provide attractive returns or avoid losses. Investment Products Monitored is the total number of Private market products listed in the database. Investment Products Researched is the number of Private market products in the database with an offering where Russell Investments has applied a defined rank (1, 2, 3, 4, A, B, C, D).

High Interest Products is the number of Private market products in the database with an offering with a Hire (4), Retain (3) or High Interest (A) rank. Investment Products with Buy Rank is the number of Private market products in the database with an offering status with a Hire (4) rank.

For more information

Call Russell Investments at **+44 (0)20 7024 6000** or
visit russellinvestments.com

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Investments in private market securities are generally illiquid as such investments are neither tradable on any exchange or in the secondary market nor would they be transferrable.

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