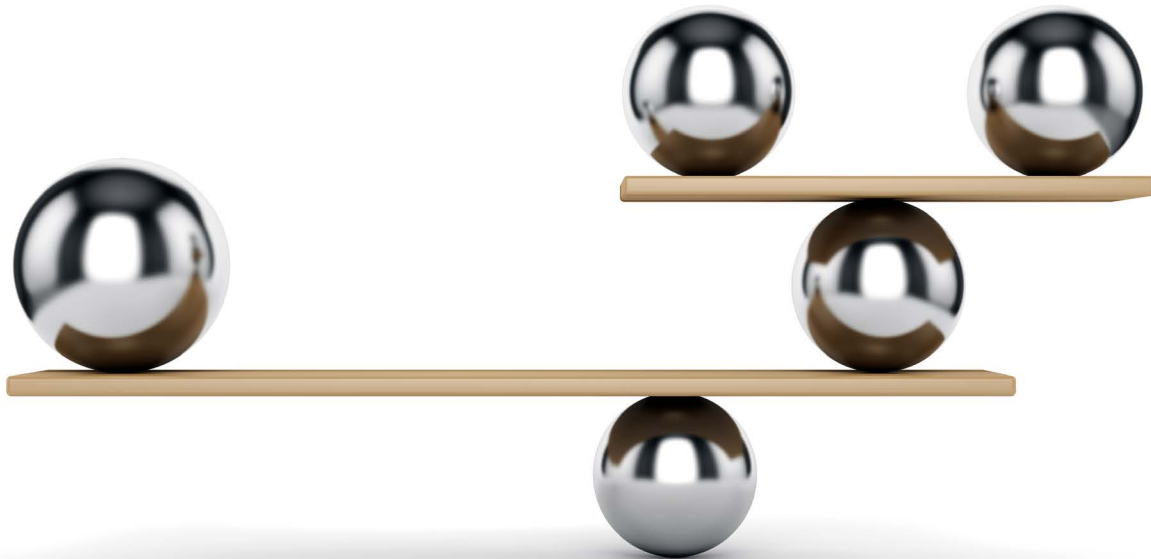


CREDIT



Russell Investments Multi-Asset Credit Fund

Harnessing the power of the credit premium



Fund objective

The Fund aims to achieve returns of 4-5% in excess of 3 month GBP LIBOR over a five-year period, with an expected volatility of 6-10% under normal market conditions. The Fund seeks to capture various credit risk premia through investing in a wide range of credit instruments, including bank loans, high yield corporates, emerging market debt, and asset- and mortgage-backed securities.

The Fund has been designed using our strategic beliefs for this asset class, derived from extensive research and experience. We have constructed the Fund using a combination of our multi-strategy multi-manager funds, including factor-based strategies and overlays.

These can be supplemented by direct hires of third-party specialist investment managers. We manage the asset mix dynamically, using our tactical insights and advanced systems to manage risk and capture opportunities.

Creating a winning strategy

The credit premium can be an important return driver and risk diversifier in a multi-asset portfolio. The wide diversity of credit markets means investors can harness the credit premium through multiple complementary credit strategies, and so create highly efficient multi-asset credit portfolios.

However, it is rare to find the full range of skills necessary to access all parts of the credit markets in a single manager. We use our capital markets and manager research capabilities to diversify the Fund comprehensively - across the spectrum of credit sectors globally, and through multiple specialist managers and strategies.

We can access the full range of balance sheets – corporate, personal and sovereign – to harness the credit premium in widely varying markets with different cycles. These include, for instance, Emerging Market sovereign credits (in both hard and local currencies) and structured credit such as Residential Mortgage-Backed Securities (RMBS). These bring different characteristics to the overall

portfolio and so can enhance diversification and performance. We also access credit managers and strategies across Europe and the Far East, adopting a fully global approach rather than being confined to the U.S. Crucially, we have the skills to bring a truly dynamic multi-asset approach to managing the asset mix. It is this comprehensive capability that equips us to win in this asset class.

Fund facts



**Head of Fixed Income
Portfolio Management**
Gerard Fitzpatrick

Performance objective:	3 Month GBP LIBOR +4-5% over 5 years Expected volatility 6-10% under normal market conditions
Share class; dealing currency:	STG £ Income Class; GBP
Dealing frequency; cut off:	Monthly liquidity with 5 days' notice for subscriptions and 30 days' notice for redemptions
Fund size:	£311,64m (As at 31 December 2019)
ISIN code:	IE00BDZWQ148
Fund launch date:	31 May 2017

Targets figures do not take into account any fees or charges on investment returns.

Russell Investments

Multi-Asset Credit Fund

The Fund aims to harness the full range of opportunities across credit markets. The investable universe is extremely broad, covering a diverse range of issuers, geographies, and cycles, each with their own special features and risk profiles. We leverage our capital markets and manager research to give us deep insights into the specialist products in this asset class. It is not enough simply to hire good third-party managers. To achieve our return and risk objectives, we need to combine them effectively and to manage the mix of managers and strategies actively through time. We approach our task from first principles using:



RESEARCHED-BASED STRATEGIC BELIEFS

There are certain factor exposures that over the course of a market cycle generate superior returns. The Fund relies principally on the credit premium to drive returns, with a modest exposure to the illiquidity premium (consistent with the Fund's redemption rules). Active manager skill is a further important driver.



BEST-IN-CLASS MANAGERS FROM AROUND THE WORLD

We employ an open-architecture approach using best-in-class investment manager strategies from around the globe, giving investors access to a truly unconstrained breadth of managers.



SMART BETA FACTOR STRATEGIES

We incorporate customised exposures directly managed by Russell Investments that modify the Fund's characteristics to reflect our strategic and dynamic insights.



DYNAMIC MANAGEMENT TO EXPLOIT MARKET INEFFICIENCIES

To take advantage of market opportunities, we leverage the skills and insights of our team of strategists, our fixed income specialist sector experts, the external managers that we employ, our sell-side research contacts, and our in-house implementation team.



TIMELY AND EFFECTIVE IMPLEMENTATION

Russell Investments' Implementation Services Team employs sophisticated techniques to transition between managers and strategies, minimise trading costs and manage liquidity. This ensures that our investment insights are captured promptly and efficiently.



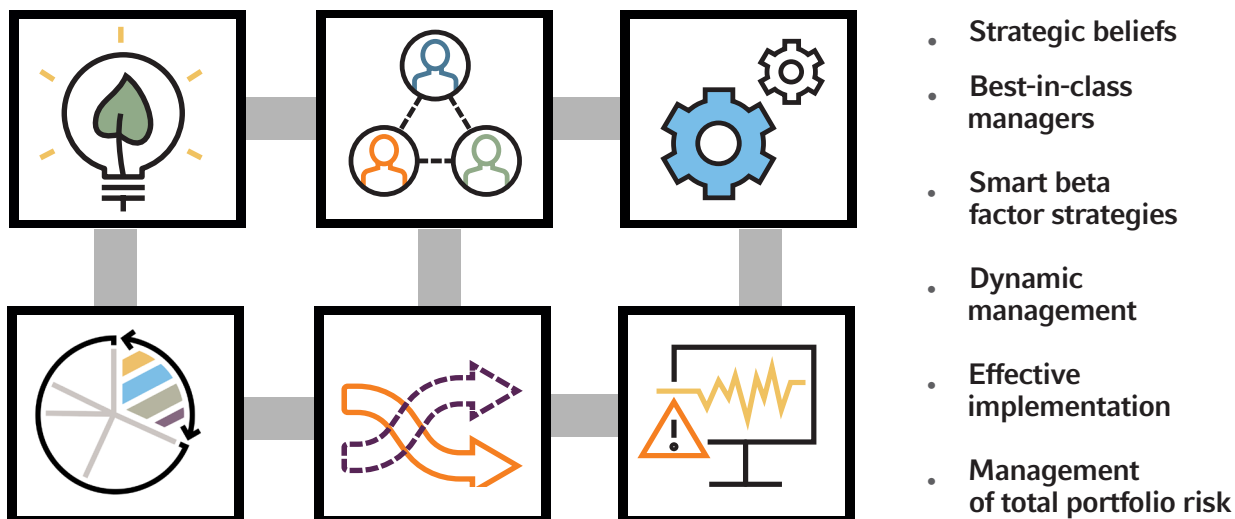
MANAGEMENT OF TOTAL PORTFOLIO RISK

We use customised risk analysis tools in order to understand, evaluate and manage exposures within the Fund. Full visibility enables us to control the overall Fund exposures in real time.

Product profile

The Fund is much more than just a selection of specialist managers. Rather, it represents a total outsourced solution for multi-asset credit investors. It integrates our capital markets insights, risk management capabilities and trading and

implementation skills, together with dynamic management of the asset mix, monitoring, hiring and firing of third-party managers, and our own custom smart beta portfolios.



Combining the strategies

The key driver of Fund returns is a combination of leading third-party credit managers that have complementary skills. As at 31 December 2019, the Fund incorporated specialist manager products across personal, corporate and sovereign credit markets. These core credit exposures were supplemented by custom smart beta portfolios,

focused initially on currency, real yield and 'fallen angels' (downgraded credit). The Fund can also use derivative overlays to control, for example, duration and credit exposures. Also, it may add opportunistic hires (for instance, a specialist convertible bonds manager).

CATEGORY	ASSET CLASS	OUR VIEW
Personal Balance Sheet	Structured Credit	Structured Credit is an excellent diversifier with good expected returns, but the market is relatively small and less liquid.
Corporate Balance Sheet	Loans High Yield	High returns expected from this sector. High Yield to deliver the best returns, but Loans are more efficient.
Sovereign Balance Sheet	EMD Hard EMD Local	Sovereigns are a good diversifier, but emerging market risk and high volatility in the case of EMD Local argues for lower allocation versus corporates.

Key benefits

Performance consistency: Aims to provide attractive returns in excess of LIBOR, with more controlled risk than less well-diversified single-manager products.

Breadth of opportunity: Accesses the full range of credit market opportunities across personal, corporate and sovereign balance sheets, for more consistent returns with controlled risk.

Global coverage: Puts together a global team of specialist managers and strategies to work for you.

Access to experts: Selects from the leading specialist third-party managers in each credit segment. Through our intensive research process we identify the best specialists and derive valuable insights into the success of different credit strategies. Our extensive experience and relationships allow us to find niche specialist capabilities and to customise strategies to complement our portfolios.

Capacity to succeed: Single-manager strategies operating in credit markets are typically capacity-constrained and their performance can deteriorate when they absorb too much cash-flow. Our best-in-class approach is well positioned to adapt to this challenge, constantly looking for new skilled strategies with capacity.

Full control of portfolio exposures: Typically invests in customised segregated mandates rather than off-the-shelf manager products, thereby taking full advantage of each strategy's key strengths and retaining full control of the Fund's overall positioning.

Integrated approach: We employ a straightforward but powerful strategy process based on business cycle, market valuation and investor sentiment factors (Cycle, Value and Sentiment or CVS) together with a consistent methodology to design, construct and manage portfolios (DCM). Our CVS and DCM approaches link the work of our portfolio management, research and strategy teams, providing them with a common analytical framework and a common language. This allows our teams to combine top-down and bottom-up research, to generate more penetrating insights and to maintain constant market awareness. Importantly, this integrated capability underpins our ability to allocate the Fund's assets dynamically in the light of changing markets and new opportunities.

Nimble: Real-time management and powerful analytics help manage risk exposures, make for greater agility in a constantly changing environment, and create flexibility to respond to what's going on in the marketplace.

Complete governance solution: The Fund's performance is net of expensive and time-consuming market set-up costs and the cost of all manager and strategy changes. We take away the need for time-consuming beauty parades, allowing investors to focus on more critical governance aspects. In addition, Russell Investments' Manager Oversight Team undertakes comprehensive, on-site due diligence reviews for all managers, thereby reducing operational risks.

Why Russell Investments?

We believe Russell Investments has a crucial advantage. We can combine our capital markets insights, manager research expertise, tactical asset allocation capabilities and factor capture skills in one integrated and dynamic process, on a truly global basis. We don't just find a good manager. We look at the manager's strategy and see whether it is appropriate for the current market environment, how it interacts with the overall portfolio, and whether the timing is right to invest now. Additionally, we look at the best way to implement that strategy – should we do this actively, passively or through smart beta? Lastly, we constantly re-evaluate the strategy's place in the Fund's asset mix in the light of market movements.

The credit markets are extremely diverse, and it is rare to find the multitude of skillsets required for success in just one manager. With many different credit categories (some with thousands of different securities available), bespoke terms for many issues, and constant redemptions and new issuance across the credit markets, it is not possible to be an expert in every area. Our 30 years of experience researching manager and factor strategies, and understanding the drivers of fixed income returns, allows us to deploy world class talent in a quick, targeted and effective manner to harness the opportunities provided by this attractive but challenging asset class.

For more information:

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

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