TRANSITION MANAGEMENT:
MANAGING CHANGE TOGETHER

Russell Investments

Maximise the performance of your assets.

Unnecessary costs

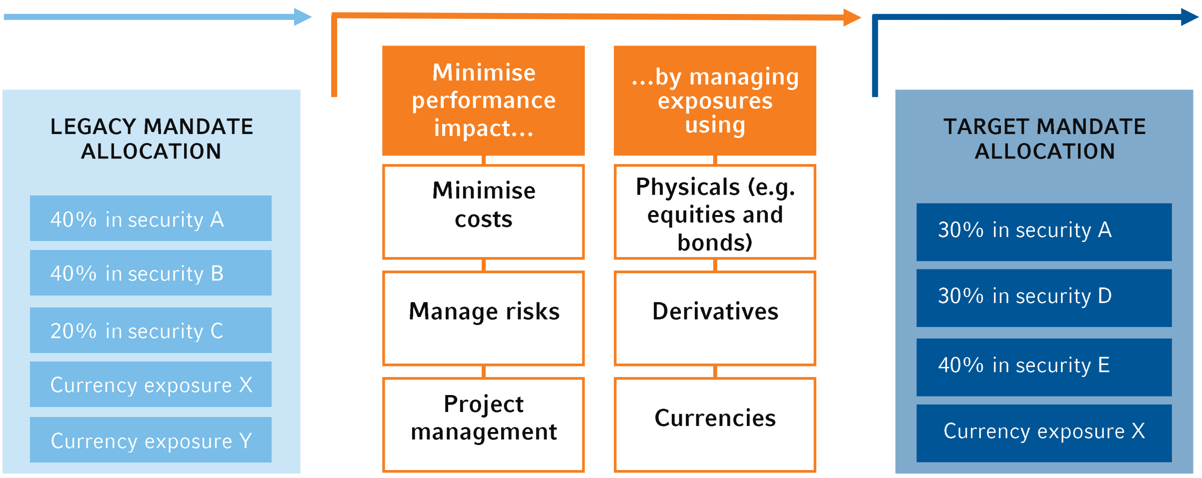
Unrewarded risks

Administrative workload

Performance can be lost if change is implemented poorly

Transition management (TM) is the process of managing changes to an institution's portfolio of securities, most typically when they make changes to their investment manager line up.

A transition manager should reduce unnecessary costs and unrewarded risks associated with these changes, as well as being responsible for the performance of the portfolios during this period.



Source: Russell Investments, for illustrative purposes only.

Benefits of a specialist transition manager

There are a number of risks associated with any restructuring of a portfolio of securities. A well-planned and executed transition strategy with extensive resource behind it, will help mitigate these risks and lower the impact of the asset restructure. This is achieved by:

- **Minimising unnecessary costs.** A transition manager looks to reduce costs, by maximising:
  - The amount of securities that can be retained, thus reducing the amount traded in the market
  - Implementing an execution strategy that reduces the impact of that trading.
- **Mitigating unrewarded risks.** During the time of transition, there is a risk that the performance of the portfolio being transitioned can lag behind the new portfolio's returns. A carefully structured hedging and trading strategy can help mitigate these risks.
- **Operational support**. A transition can represent a significant drain on an asset owner's resources and can be closely linked to other activities, such as a strategic asset allocation change after an asset/liability study. A transition manager shoulders this burden for you, as well as can eliminate the need for a performance holiday and increase overall accountability.

Better performance outcomes through creative strategies and quality execution

Our agency only business model, client-centric approach and seasoned team helps to ensure the best outcome from a transition. Our customised multi-venue approach encourages transparency, aligned interests and maximised risk-adjusted performance over short or long periods of change.

6.0 bps

Over the last 5 years, our performance estimates have been within 6.0 bps of actual results.[1]

Past performance does not predict future returns.

[1]Transition Management Performance Composites, 5-year T standard composite ending 2022. Performance composite breakdown, by year: 2018 = 0.7 bps; 2019 = 0.1 bps; 2020 = 0.5 bps; 2021 = 0.11 bps; 2022 = 0.8 bps.

An experienced, well-resourced team

40+ yrs	23	£61.6b	21	14+ yrs
Years of experience transitioning assets for clients	Traders specialising by asset class and region	Assets in transition, 2022*	Global transition specialists	Average years of transition experience

Past performance does not predict future returns.

Source: Russell Investments, data as at 31 December 2022. *Asset transitioned, $76 bn, £61.6 bn, €72.2 bn.

GET IN TOUCH:

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