

INVESTING IN BRICKS AND MORTAR VS STOCKS AND BONDS

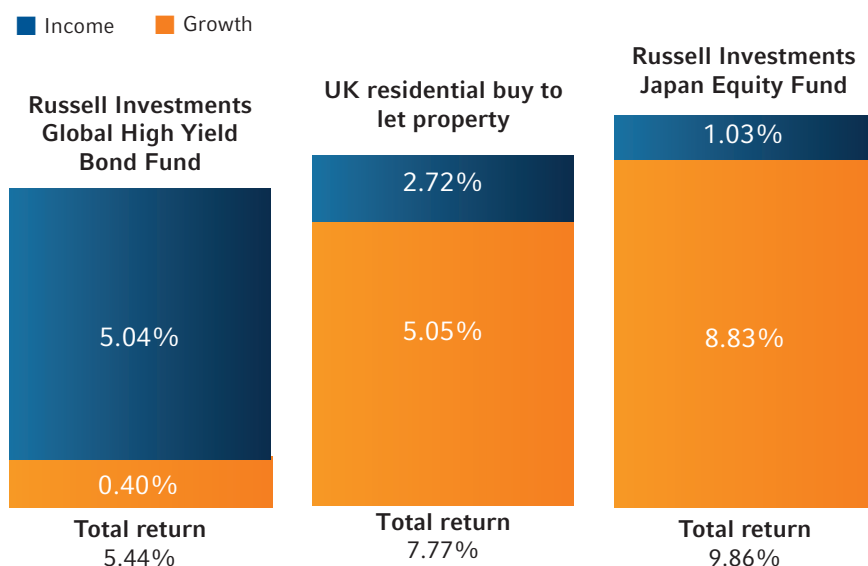


BLEVINS  FRANKS

What are the key considerations when deciding where to invest?

Return profiles

Annualised returns over ten years, net of fees



The difference between gross yield and net yield

Investment funds have annual management fees, which are usually deducted from the income received by the fund (i.e. dividends). Residential landlords usually incur management fees, voids, building insurance and costs of wear and tear. In both situations, this reduces the gross yield to a net yield.

Please take into consideration different risks when comparing different sectors. The value of investments and the income from them can fall as well as rise and is not guaranteed. You may not get back the amount originally invested. Any past performance figures are not necessarily a guide to future performance. Past performance does not predict future returns. Please find 5-year performance information on page 3.

Diversification

Different asset classes have different return profiles in terms of the level of income and growth they have achieved historically and are forecasted to achieve in the future. As demonstrated in the above example, global high yield bonds typically provide a higher level of income with minimal capital growth, Japanese equities typically exhibit higher levels of growth with minimal income, and direct holdings in UK residential property tend to provide a more even mix of both income and growth.

Please note, within our portfolios for Blevins Franks, the exposure to Japan is relatively small. Likewise, high yield is only one of the types of bonds that we invest in. The above have been used as examples of typical asset class behaviour.

At Russell Investments, we believe that having an exposure to real assets (like property) alongside a range of global equities and different types of bonds is key to building a well-diversified portfolio. Our preference is to invest indirectly in global real estate via the shares of property-related companies or investment funds including those investing in large infrastructure projects. By investing in companies or dedicated funds, rather than direct bricks and mortar, it means that you retain access to your money, as the holdings can be bought and sold on a daily basis.

Source: Russell Investments research; Morningstar for funds, Land Registry/CBRE/Track Capital for property

Russell Investments Global High Yield Fund: Total Return is net of Institutional Fees over the 10 years to 31st December 2021. 'Income' is based on the current yields, as at 31st December 2021. Returns are GBP Hedged.

Russell Investments Japn Equity Fund: Total Return is net of Institutional Fees over the 10 years to 31st December 2021. 'Income' is based on the current yields, as at 31st December 2021. Returns are GBP.

Private Clients of Blevins Franks may incur other fees, such as Platform or Advisory fees.

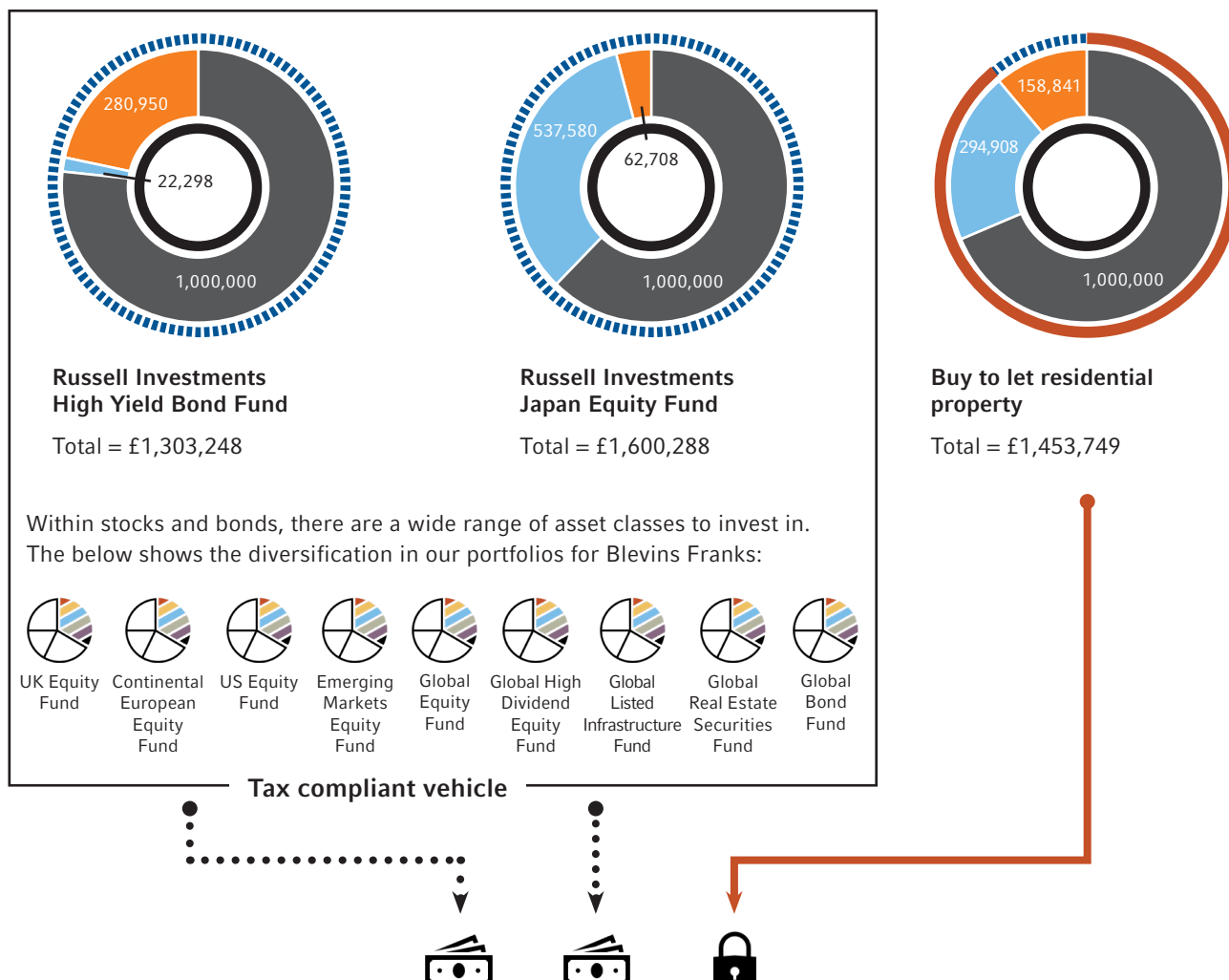
UK Residential Direct Property: 'Growth' is based on UK residential property, annualised over the 10 years to 31st December 2021 (Land Registry). 'Income' is the current net yield for Residential lettings (trackcapital.co.uk / propertydata.co.uk as at January 2022). Both capital growth and rental yield fluctuate around the various regions, the number are for the whole of the UK. CBRE Research & insights assume the net running costs to be 25% on average in the UK, reducing the Gross Yield of 3.63% to a Net Yield of 2.72%. Indicative 'Total return' is achieved by adding the 'Growth' and 'Income'.

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Accessibility and ability to hold within a tax compliant vehicle

Example £1,000,000 portfolio after 5 years of investment: capital, income and growth profile

■ Capital ■ Growth ■ Income ■ Liquid investment ■ Illiquid investment



Other considerations

Tax	Cost to sell	Flexibility	Timing
Income tax, capital gains tax, inheritance tax	Minimal for funds*; estate agent, solicitors fees etc. for property	With funds, there is the ability to make a partial sale of holdings	For funds, T +3 days; for property in the UK, 150 days to sell a residential property, 50 days longer than 2019**

Source: *Russell Investments. Some offshore bond platforms, such as Lombard International, may charge an explicit transaction fee of €20 for buying and selling funds. Some UK platforms, such as Transact, may charge 0.00% - 0.05% when buying an investment. **Rightmove, 28 June 2022. Data references the time from offer accepted to completion date: www.rightmove.co.uk/news/articles/property-news/how-long-does-it-take-to-move-in-2022/

Japan Equity Fund 5-year performance

Discrete rolling 12 month performance (%)

Returns shown in GBP	30/06/17	30/06/18	30/06/19	30/06/20	30/06/21
	30/06/18	30/06/19	30/06/20	30/06/21	30/06/22
Return gross of management fee Class I Acc	14.0	-1.6	5.9	11.4	-9.9
Return net of management fee Class I Acc	13.0	-2.5	5.0	10.4	-10.7
Topix Dividends Index (JPY) - Net Returns	9.1	-2.5	5.6	10.4	-8.7

Past performance does not predict future returns.

The current benchmark is the Topix Dividends Index (JPY) - Net Returns converted in the currency displayed in the performance table above where applicable.

Global High Yield Bond Fund 5-year performance

Discrete rolling 12 month performance (%)

Returns shown in GBP	30/06/17	30/06/18	30/06/19	30/06/20	30/06/21
	30/06/18	30/06/19	30/06/20	30/06/21	30/06/22
Return gross of management fee Class SH - B Acc	-0.7	6.4	-2.0	18.8	-13.1
Return net of management fee Class SH - B Acc	-1.7	5.3	-2.9	17.7	-14.0
ICE BofA Developed Markets HY Constrained Index (GBP Hdg)	0.5	6.4	-2.4	14.1	-13.2

Past performance does not predict future returns.

The current benchmark is the ICE BofA Developed Markets HY Constrained Index (GBP Hdg). Prior to 31st March 2019 the benchmark was BofAml Global High Yield 2% Constrained GBPH Index. Prior to 3rd December 2015, the composite benchmark was 70% BofAml Global High Yield 2% Constrained GBPH, 30% JP Morgan EMBIG GBPH.

IMPORTANT INFORMATION

For professional advisers only.

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