

Russell Investments Real Assets provides exposure to a diversified portfolio of asset classes that are directly or indirectly linked to physical assets, or to assets that the investment manager of the fund believes have a tendency to maintain their real (after inflation) value over time.

Quarterly summary

From the portfolio manager: Key messages



Market

- The real asset sector delivered positive returns during the quarter. Natural resource equities was the best performing asset class followed by commodities. Global listed infrastructure managed modest gains while global real estate ended in negative territory during the period.
- Infrastructure: Transportation infrastructure was the strongest performing segment, led by seaports while airports and toll roads also delivered solid gains. Utilities experienced strength supported by rising electricity demand linked to data centers and broader electrification trends. Energy midstream lagged over the period, while independent power producers and energy traders were the weakest performers.
- Real Estate: Regionally, Europe delivered the strongest performance, followed by Asia, while North America ended the quarter in negative territory. Weakness in North America was driven by rising bond yields and cautious interest-rate expectations, which weighed on rate-sensitive property stocks. In contrast, Asia and Europe benefited from more stable policy expectations and improved investor sentiment, partially offsetting the U.S.-led decline.



Fund

- The Real Assets portfolio outperformed its benchmark during the quarter. The Global Real Estate Pool and natural resource equities allocation outperformed their respective benchmarks while the Global Infrastructure Pool and the commodities ETF underperformed their respective benchmarks. From a sub-sector perspective, stock selection among health care REITs and energy traders was beneficial. However, security selection and the overweight to data centers and cellular towers detracted from performance.
- The infrastructure and real estate portfolios continue to emphasize bottom-up stock selection as a key driver of excess returns, while selectively implementing top-down sub-sector positions based on relative value opportunities. Communications infrastructure and technology-oriented REITs remain key overweight positions in the portfolios, while energy infrastructure and office REITs continue to face fundamental challenges.

Performance drivers

Contributors

- **Infrastructure:** Selection among independent power producers and energy traders was a bright spot in the portfolio.
- **Real Estate:** Favorable security selection within the health care sector positively contributed to performance, driven by the underweight to life science REITs.

Detractors

- **Infrastructure:** Negative security selection coupled with an underweight to airports and electric utilities detracted from performance.
- **Real Estate:** Unfavorable security selection within the technology sector had a negative impact.

Outlook

Market	Positioning
<ul style="list-style-type: none">○ The combination of resilient income, reliable growth, and secular drivers of demand make for a strong near- to medium-term outlook for real assets. Amid a backdrop of political transitions, limited progress on inflation, and a high degree of overall uncertainty, real assets remain a valuable diversifier in broader portfolios.○ Strong secular drivers of growth in digital infrastructure and non-core real estate sectors. Energy shortages and geopolitical tensions support demand for domestic renewables and exports.○ Fundamentals generally remain solid, and REITs and infrastructure both should continue to deliver solidly positive earnings growth, even in an environment of economic deceleration or market volatility○ Valuations look fair to attractive across the real asset sectors; All three equity categories are currently discounted versus equities	<ul style="list-style-type: none">○ The portfolio is overweight to commodities and natural resources while being underweight to infrastructure and real estate.○ Infrastructure: Maintaining significant out-of-index exposure to communications, railroads, and waste management. Overweight gas utilities. Within transportation, a preference for rail and toll roads over airports and seaports.○ Real Estate: Relatively small top-down sector and regional active bets, with more of an emphasis on bottom-up stock selection. Overweight to data centers and residential; underweight to industrial.

Performance

Performance (%) as of December 31, 2025

	3 mo.	YTD	1 yr.	3 yr.	5 yr.	10 yr.	Since inception
Real Assets Pool (Series F)	0.60	9.58	9.58	7.34	5.97	4.90	5.91

Performance is annualized except for periods of less than one year. Source: Russell Investments / Confluence. Indexes are unmanaged and cannot be invested in directly. Past performance is not indicative of future results. Fund inception: May 22, 2013.

Fund Codes (FRC)

	Trust	Trust USD
B (front load)	138	139
F (fee based)	142	143
O	144	N/A
ETF Series	TSX	RIRA

For additional Series fund codes, visit russellinvestments.com/ca/fundcodes

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