

31 July 2023

Real Assets Fund



Portfolio Manager
Tom Sallis

Russell Investments' Multi-Asset Strategies Team comprises over 23 experienced professionals, including portfolio managers, researchers, portfolio analysts, and strategists in Russell Investments offices around the globe.

This team focuses on total client outcomes, including all major asset classes in their solutions. They identify areas of the market offering attractive valuations and growth potential with a reasonable level of risk and research strategies and managers to exploit these pockets of value.

Fund facts

Inception date

30 November 2009

Sector

IMA Specialist

Benchmark

UK Retail Price Index

SEDOL

B4KQS12

Ongoing Charge

1.22% (31/05/20)

Minimum investment

£1,000 initial, £500 subsequent

Currency

GBP

Distribution date

28 February

The Real Assets Fund combines a range of investments that are indirectly linked to physical (real) assets. Real assets include commodities (metals, oil, agricultural produce, property companies and infrastructure companies e.g. toll roads, power networks). We manage total risk using UK inflation-linked bonds and cash. Capital invested in the Fund is at risk and there is no guarantee that the investment objective will be met. The Fund may use currency hedging techniques to reduce exposure to currencies other than Sterling. The fund utilises both active management and passive strategies in its implementation.

Suggested use

Using only equities in a portfolio can be a riskier approach than constructing a portfolio which includes both equities and non-equities. Including real assets will help diversify some of the risk from other parts of the portfolio but this fund is not appropriate for stand-alone investment.

What happened this month?

The Fund delivered a positive return in a strong month for all asset classes. Easing inflation across most regions, positive corporate earnings for the second quarter, signs that a further slowdown might not materialise, and a robust US labour market, supported positive sentiment. In this environment, the Fund's exposure to listed real estate investment trusts contributed positively as rates held steady amid declining inflation. Our exposure to listed infrastructure was also helpful, due to higher commodity prices during the period. Within the smaller dedicated commodities exposure, metals, oil and natural gas were all up over the period, boosted by the Chinese government promising support for the country's domestic economy, and Saudi Arabia's voluntary cuts to oil supply, which supported prices.

Cumulative performance to 31 July 2023 (%)

	1M	3M	1 Yr	3 Yrs	5 Yrs	Since Inception	30/06/18 30/06/19	30/06/19 30/06/20	30/06/20 30/06/21	30/06/21 30/06/22	30/06/22 30/06/23
Fund (Class C Acc)	2.4	0.2	-5.4	22.8	12.3	53.2	2.8	-11.7	18.3	5.7	-3.5
Benchmark	0.3	2.5	10.7	30.4	35.6	75.5	3.0	1.0	3.3	13.2	11.3

Discrete 12 month performance (%)

Past performance is not a guide to future performance.

Source: Russell Investments as at July 31, 2023. All returns are cumulative, in GBP, net of C Class Fees. The fund is priced at market open (7am) so Fund prices have been moved a day later with benchmarks which price at market close (7pm).

The UK Retail Price Index is the target benchmark against which the performance of the Fund has been set. The benchmark was chosen because the Fund will invest in investments that are inflation-linked.

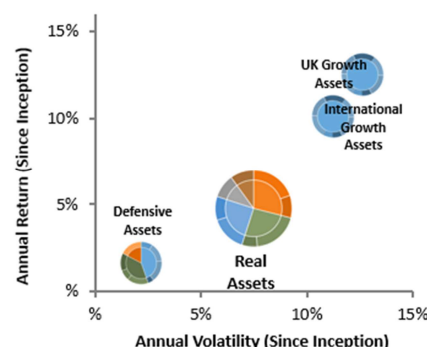
Portfolio statistics

	Fund
Number of Managers	5
Number of Holdings	300
Volatility (since inception)*	9.3%
Highest One-Year Return	25.3%
Lowest One-Year Return	-16.6%
Positive One-Year Returns	64.9%
Current Yield	1.43%
Fund Size	£32.52M

Source: Russell Investments

*Volatility describes the extent to which the fund return has fluctuated over time.

Real Assets Complete a Portfolio[†]



Source: Russell Investments. Performance and Risk of the UK Growth Asset Fund, International Growth Assets Fund, Defensive Assets Fund and Real Assets Fund shown from 1/2/2010 to last quarter end. Data in GBP net of C class fees.

[†] Real assets bridge the gap in terms of risk and return between defensive assets and growth assets, meaning a portfolio with improved diversification.

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Real Assets Fund (continued)

Portfolio structure

Portion of fund	Allocation to fund portion	Monthly return of fund portion	Managers allocated to each portion, and their weight in the total fund			
Commodities	17.7%					
Commodities	15.8%	0.2%	ETFS Long Dated 15.8%			
Commodities	2.0%	-5.0%	iShares Gold 2.0%			
Infrastructure	34.6%					
Infrastructure	16.7%	0.4%	Nuveen 6.1%	C&S 2.5%	First Sentier Investors 6.2%	Russell Investments 1.9%
Infrastructure (Passive)	17.9%	0.7%	Deutsche Bank 17.9%			
Real Estate	18.2%					
Real Estate	0.0%	0.0%	Cohen & Steers 7.2%	RREEF America LLC 9.1%	Russell Investments 1.9%	
Real Estate (Passive)	18.1%	2.4%	iShares 18.1%			
Cash	11.4%					
	11.4%	0.4%	Russell Investments 11.4%			

Russell Investments may trade a portion of the Fund's assets based on a model portfolio provided by the investment advisor. By employing this emulated portfolio approach, the Fund leverages off the implementation capabilities of Russell Investments in order to manage the funds in an efficient manner.

Source: Russell Investments, Morningstar. Figures may not sum correctly due to rounding.

Any reference to specific money managers should not be taken as a recommendation. Money managers are subject to change.

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Real Assets Fund (continued)

Infrastructure by Region

	Fund
North America	52.3%
Emea Ex United Kingdom	22.8%
Asia/Pacific Ex Japan	14.2%
Emerging	6.2%
United Kingdom	3.3%
Japan	1.2%

Source: Factset

Real Estate by Region

	Fund
North America	65.9%
Asia/Pacific Ex Japan	12.3%
Japan	9.9%
Emea Ex United Kingdom	7.6%
United Kingdom	4.4%
Emerging	0.0%

Source: Factset

Real Estate Top 10 Subsectors

	Fund
Retail Reits	17.3%
Industrial Reits	15.8%
Multi-Family Residential Reits	10.4%
Data Center Reits	7.9%
Health Care Reits	7.7%
Real Estate Operating Companies	6.7%
Diversified Reits	6.1%
Self-Storage Reits	5.8%
Diversified Real Estate Activities	5.0%
Office Reits	4.9%

Source: Factset

Infrastructure Top 10 Subsectors

	Fund
Electric Utilities	28.9%
Oil & Gas Storage & Transportation	17.2%
Highways & Railtracks	15.6%
Airport Services	13.1%
Multi-Utilities	10.5%
Gas Utilities	3.6%
Marine Ports & Services	2.2%
Water Utilities	1.9%
Rail Transportation	1.7%
Telecom Tower Reits	1.5%

Source: Factset

Important Information

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Some investments/bonds may not be liquid and therefore may not be sold instantly. If these investments must be sold on short notice, you might suffer a loss.

The value of a REIT depends on factors including the general economic climate and outlook, overall performance and outlook of the property market and related sectors, market value of and amount of rental income generated by its underlying properties, the levels of and any changes in interest rates, and the overall depth and liquidity of the real estate market and other assets in which the REIT is invested.

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