

31 May 2022

# 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 negative return in May. At the start of the month, worries about inflation and slower growth dampened investor sentiment across all asset classes. Weak US housing data in the face of rising mortgage rates, China lockdowns and retailers such as Target and Walmart warning about future profits, led to heightened economic growth concerns. However, later in the month, some US Federal Reserve members hinted at a potential pause in rate hikes in September, which led to a recovery in equity markets at the end of the month. The Fund's allocation to listed real estate (REITS) was the main detractor as these sold-off sharply, underperforming global equities, given weaker housing data and higher mortgage rates. However, the Fund's exposure to listed infrastructure benefitted from higher commodity prices through its pipeline and energy utility sectors. Our exposure to commodities, particularly oil and natural gas, was also helpful as these assets continued to be supported by the ongoing crisis in Ukraine.

### Cumulative performance to 31 May 2022 (%)

	1M	3M	1 Yr	3 Yrs	5 Yrs	Since Inception	31/03/17 31/03/18	31/03/18 31/03/19	31/03/19 31/03/20	31/03/20 31/03/21	31/03/21 31/03/22
Fund (Class C Acc)	-0.9	4.6	13.3	20.1	22.4	64.8	-3.0	5.9	-16.6	20.5	20.2
Benchmark	3.4	5.3	12.7	17.7	25.0	56.0	3.2	2.5	2.5	1.4	9.7

### Discrete 12 month performance (%)

Past performance is not a guide to future performance.

Source: Russell Investments as at May 31, 2022. 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.

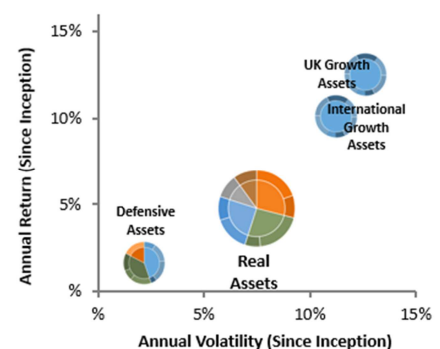
## Portfolio statistics

	Fund
Number of Managers	5
Number of Holdings	340
Volatility (since inception)*	8.9%
Highest One-Year Return	25.3%
Lowest One-Year Return	-16.6%
Positive One-Year Returns	67.9%
Current Yield	1.58%
Fund Size	£42.19M

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			
<b>Commodities</b>	<b>19.8%</b>					
Commodities	15.7%	3.6%	ETFs Long Dated 15.7%			
Commodities	4.1%	2.7%	iShares Gold 4.1%			
<b>Infrastructure</b>	<b>36.4%</b>					
Infrastructure	19.1%	2.5%	Nuveen 7.0%	C&S 2.9%	First Sentier Investors 7.1%	Russell Investments 2.2%
Infrastructure (Passive)	17.3%	3.1%	Deutsche Bank 17.3%			
<b>Real Estate</b>	<b>35.2%</b>					
Real Estate	17.0%	-5.7%	Cohen & Steers 6.7%	RREEF America LLC 8.5%	Russell Investments 1.7%	
Real Estate (Passive)	18.2%	-5.5%	iShares 18.2%			
<b>Cash</b>	<b>8.6%</b>					
	8.6%	0.0%	Russell Investments 8.6%			

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	53.8%
EMEA EX UNITED KINGDOM	23.8%
ASIA/PACIFIC EX JAPAN	11.5%
Emerging	7.1%
United Kingdom	3.0%
Japan	0.8%

Source: Factset

### Real Estate by Region

	Fund
North America	61.1%
ASIA/PACIFIC EX JAPAN	14.7%
Japan	10.0%
EMEA EX UNITED KINGDOM	9.3%
United Kingdom	4.9%
Emerging	0.0%

Source: Factset

### Real Estate Top 10 Subsectors

	Fund
Retail Reits	17.0%
Residential Reits	13.5%
Specialized Reits	13.4%
Industrial Reits	10.8%
Office Reits	9.6%
Health Care Reits	9.2%
Real Estate Operating Companies	9.0%
Diversified Reits	8.3%
Diversified Real Estate Activities	4.8%
Hotel & Resort Reits	1.8%

Source: Factset

### Infrastructure Top 10 Subsectors

	Fund
Electric Utilities	26.4%
Oil & Gas Storage & Transportation	18.4%
Highways & Railtracks	18.1%
Multi-Utilities	12.3%
Airport Services	10.5%
Gas Utilities	3.5%
Marine Ports & Services	2.4%
Specialized Reits	1.7%
Water Utilities	1.6%
Railroads	1.4%

Source: Factset

### Important Information

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