

31 May 2024

Defensive Assets Fund



Portfolio Manager
Alain Zeitouni

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

12 January 2010

Benchmark

Bank of England Base Rate

SEDOL

B4L7KL8

Ongoing Charge

0.74% (31/05/20)

Minimum investment

£1,000 initial, £500 subsequent

Currency

GBP

Distribution date

28 February

This fund aims to preserve your capital over the long term and give you a greater return than you'd get from cash, with low volatility. We aim to achieve this by combining traditionally lower volatility investments to produce steady returns. 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

We've designed this fund to offset some of the risk of equities and real assets, and help achieve a steady total return. It has diversification built-in and works well as the defensive element within a wider portfolio of investments. This fund is designed to be the defensive element within a wider portfolio of investments.

What happened this month?

The Fund delivered a positive return in May. Falling US inflation, renewed optimism over potential rate cuts by major central banks, and positive economic data from the UK and Europe, boosted both equity and fixed income markets. In this market environment, risk-bearing fixed income such as high yield bonds fared the best as credit spreads tightened amid increasing risk appetite. Our large exposure to rate-sensitive government bonds and investment grade credit was also additive as yields fell. Our exposure to securitised credit via our preferred manager Schroders performed well, benefiting from its attractive carry and the decline in credit spreads, as did our new position in US short-dated inflation linked bonds.

Cumulative performance to 31 May 2024 (%)

	1M	3M	1 Yr	3 Yrs	5 Yrs	Since Inception
Fund (Class C Acc)	0.8	0.3	4.2	-8.0	-2.6	11.9
Benchmark	0.4	1.3	5.2	9.5	10.3	15.4

Discrete 12 month performance (%)

	31/03/19 31/03/20	31/03/20 31/03/21	31/03/21 31/03/22	31/03/22 31/03/23	31/03/23 31/03/24
Fund (Class C Acc)	0.0	5.5	-3.5	-7.0	4.3
Benchmark	0.7	0.1	0.2	2.1	6.1

Past performance is not a guide to future performance.

Source: Russell Investments as at May 31, 2024. 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 Bank of England Base Rate is the target benchmark against which the performance of the Fund has been set. The benchmark was chosen because the Fund aims to generate cash equivalent returns. The Fund is intended to form a component part of a diversified portfolio of holdings, rather than as a standalone investment.

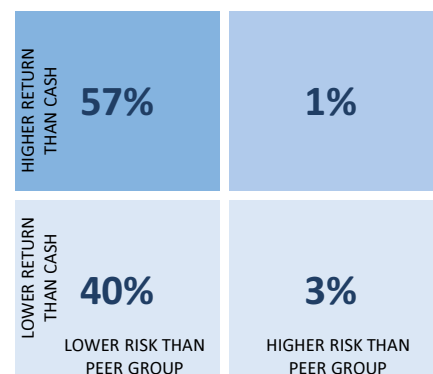
Portfolio statistics

	Fund
Number of Managers	21
Number of Holdings	1513
Volatility (since inception)*	3.8%
Highest One-Year Return	7.2%
Lowest One-Year Return	-14.9%
Positive One-Year Returns	68.9%
Current Yield	2.34%
Fund Size	£51.61M

Source: Russell Investments

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

Rolling 12-month Risk & Return [†]



Source: Morningstar, Russell Investments. Sector used is the IMA Mixed Investment 0-35% Shares Sector. Data as at previous quarter end.

[†] The vertical quadrants illustrate the percentage of 12-month periods the fund has delivered more or less return than the Bank of England Base Rate. The horizontal quadrants show how often the fund exhibited more or less volatility than the Morningstar Europe OE Global Large-Cap Blend Equity sector.

31 May 2024

Defensive 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			
Fixed Income	86.9%					
High Yield	13.9%	1.4%	DDJ 0.0%	Hermes 4.7%	PIMCO 0.0%	Barings 5.0%
			US Fallen Angels 1.4%	EU Fallen Angels 1.3%	Russell Investments 1.7%	
Global Credit	19.2%	1.3%	PIMCO 5.3%	Met Life 4.5%	Western Asset Mgmt Co 2.3%	Fidelity 3.2%
			Bluebay 0.0%	Russell Investments 3.6%		
Global Bonds	18.6%	1.0%	Brookfield 4.0%	Insight 0.0%	Blue Bay 5.9%	Western Asset Mgmt Co 2.2%
			Russell Investments 6.7%			
Global Bonds (Passive)	14.0%	-0.6%	iShares Global Agg Bonds ESG 14.3%			
UK Govt. Bonds	13.1%	3.2%	Lyxor FTSE UK Gilts 13.0%			
Securitised Credit	4.3%	0.0%	Schroder 3.5%			
UK Credit (Passive)	3.8%	0.3%	iShares UK Credit ESG 3.8%			
Short dated UK credit (Passive)	0.1%	0.0%	iShares 0-5 Year UK credit 0.1%			
Cash	13.1%					
Cash	13.1%	0.0%	Russell Investments 13.4%			

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.

31 May 2024

Defensive Assets Fund (continued)

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Investors and potential investors must read the KIID and are also advised to read the remaining documents (and in particular the risk warnings) before making an investment in the Company. Copies are available free of charge on request from the ACD and Russell Investments Limited.

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