

Russell Investments

Unconstrained Bond Fund



Portfolio Manager
Adam Smears

Russell Investments' Global Fixed income team comprises 25 experienced professionals (including 10 manager research analysts) in Russell Investments London, Seattle, New York, Toronto and Sydney offices.

The team manages over US \$60bn in cash and multi-strategy portfolios, which include Global, Regional, Investment Grade, High Yield, Emerging Market and Absolute Return mandates.

Fund facts

Share class; Dealing ccy

Class L GBP H; GBP

Dealing frequency; Cut off

Daily; 2.00pm GMT

Domicile; Category

Ireland; UCITS

Fund size

USD 654.42m

ISIN; Bloomberg

IE00B9HH4Q06; RUSABLH ID

Fund launch date

09 April 2013

Share class launch date

09 April 2013

Management fee

0.85%

Share class NAV

GBP 1,058.63

Fund objective

The aim of the Fund is to achieve an absolute return on your investment in excess of the 3-month LIBOR, principally by investing worldwide in bonds, while using financial derivatives. The Fund is broadly diversified across countries worldwide, across currencies and holds bonds of varying maturities.

Fund update

The Fund added to its inception-to-date outperformance in April. The core yield engine – namely Hermes and Post – continued to drive outperformance in a month where credit and high yield spreads tightened. Our overweight exposure to corporate high yield was a key contributor with exposure to investment-grade industrials and financials also rewarded. Allocation to Putnam's opportunistic mortgage prepayment strategy continued to add to performance. In rates, long exposure to the US and Canada weighed on additional relative returns. In FX, a short position in Swiss Franc added to performance, however a long position in Swedish Krone held back further gains.

Performance review (%)

Performance to period end Returns shown in GBP	1 month	3 months	Year to date	12 months	3 years	5 years	Since inception*
Return gross of management fee Class L GBP H	0.5	1.6	3.0	3.0	-	-	2.5
Return net of management fee Class L GBP H	0.4	1.3	2.7	2.1	-	-	1.7
Libor 3 Month GBP	0.1	0.2	0.3	0.8	-	-	0.6

*Inception: 06 September 2016

All returns greater than 1 year are annualised

Discrete rolling 12 month performance (%)

Returns shown in GBP	31/03/14 31/03/15	31/03/15 31/03/16	31/03/16 31/03/17	31/03/17 31/03/18	31/03/18 31/03/19
Return gross of management fee Class L GBP H	-	-	-	2.0	2.7
Return net of management fee Class L GBP H	-	-	-	1.2	1.8
Libor 3 Month GBP	-	-	-	0.4	0.8

Past performance is not a guide to future performance.

The Fund was originally launched on 9th April 2013. However the Fund was subject to a material change to the investment policy on 6 September 2016, at which point it adopted a new name and an amended investment policy. Accordingly, the performance data for the period ending 6 September was achieved in circumstances which no longer apply.

Portfolio statistics

	Fund	Benchmark
Effective duration	0.9	0.2
Average maturity	3.4	0.3
Average credit rating	A	n/a
Yield to worst	3.9	2.6

Data as at 31 March 2019
Source: Factset

Russell Investments Unconstrained Bond Fund (continued)

Ten largest holdings by weight

Security	Fund
Fnc1 3 13-May-2019	4.2%
Fnc1 3.5 13-Jun-2019	3.4%
Fnc1 4 13-Jun-2019	1.7%
Japan Treasury Disc Bill 0 08-Jul-2019	1.2%
Dutch Treasury Cert 0 27-Jun-2019	1.0%
French Discount T-Bill, 0%, 06/26/2019	1.0%
Esm Tbill 0 06-Jun-2019	1.0%
GERMAN Treasury Bill 0 14-Aug-2019	0.8%
GERMAN Treasury Bill 0 19-Jun-2019	0.6%
Lennar Corp 4.5 30-Apr-2024	0.6%

Source: State Street

Sector weights

	Fund
Corporate HY	26.3%
Governments and Cash	24.8%
RMBS	22.2%
IG - Industrials	9.3%
IG - Finance	7.2%
Gov-related	3.4%
ABS	2.6%
EMD	2.4%
CMBS	1.8%

Data as at 31 March 2019

Source: Factset

Governments and Cash includes the market value of all derivative positions except for TBAs, which are shown under RMBS Agency.

Credit quality weights

	Fund
AAA & Cash	40.3%
AA	7.0%
A	6.2%
BBB	9.9%
BB	19.7%
B	7.2%
CCC	1.1%
NR/Other	8.5%

Data as at 31 March 2019

Source: Factset

Market weights (ccy)

	Fund
USD	83.7%
EUR	12.7%
JPY	2.2%
GBP	1.2%
CHF	0.1%
CAD	0.0%
NZD	0.0%
AUD	0.0%
ZAR	0.0%
Others	0.0%

Data as at 31 March 2019

Source: Factset

Fund structure

Manager/Strategy	Role in fund	Target	Actual
H2O Asset Management	Global multi-asset volatility strategy. Long volatility bias	15.0%	15.1%
Putnam	Mortgage-backed securities and prepayment risk strategies	15.0%	21.1%
Post Advisory	Short dated High Yield credit. US focus	25.0%	15.0%
Hermes	Short-dated High Yield credit. Global perspective	25.0%	26.0%
Russell Investments	Positioning strategy targeting currency factors and markets with high real yield	20.0%	22.9%
Russell Investments (cash & other)		-	-

Russell Investments Unconstrained Bond Fund (continued)

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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 is not necessarily a guide to future performance.

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.

Any reference to returns linked to currencies may increase or decrease as a result of currency fluctuations. Tax treatments depend on the circumstances of the individual client and may be subject to change in the future.

Decisions to invest should be based on the fund's prospectus, ex-ante costs & charges document and key investor information document (KIID), with consideration to risk warnings. Copies available free of charge from Russell Investments.

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