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Russell Investments launches flexible investment solution for UK IFA market

LONDON, 20 January 2010 - Russell Investments (Russell) today announces the launch of four new funds and associated asset allocation and practice management services to help independent advisers in the UK.

Following a year of research and development to address the challenges facing the UK IFA market, Russell announces a three pronged approach designed to balance outsourcing scale and leverage with advisers' requirement to retain independence and open architecture. Russell's offer has been designed to give advisers complete flexibility of asset allocation, portfolio construction assistance and options for an award winning practice management approach to migrate toward fee-based advisory practices. The core of the offering is four new funds giving exposure to:

- UK Growth Assets
- International Growth Assets
- Defensive Assets
- Real Assets

The roll out of the funds follows the successful launch of www.HelpingAdvisers.co.uk last year, a new website designed to provide financial advisers with a practical online resource library and suite of free tools to help keep their clients and businesses on track. Russell's award winning practice management offering and asset allocation tools are available in connection with the funds.

Peter Hugh-Smith, Managing Director, UK Private Client Services, said: "The investment advice industry in the UK is experiencing a significant period of change. When we launched HelpingAdvisers.co.uk in last summer, we sought to address two critical adviser needs: in the immediate term, how to communicate with authority and to calm end investors understandably panicked by the economic uncertainty and volatility in equity markets, and in the longer term, how to begin adopting more profitable, efficient practices delivered through an orderly and scalable servicing platform."

"As our research delved further into the challenges facing advisers, another recurring need surfaced: advisers needed a reliable route to reconcile the challenge of a broad 'whole of market' investment

research edict with a practical need to efficiently build and rebalance client portfolios. A core multi-manager investment solution organised around funds with return distributions unlikely to explode and up-end their businesses is an effective resolution to that challenge. The research indicated that advisers could be frustrated by providers dictating a one-size-fits-all approach to running their investments; a problem averted by Russell's multi-manager approach.

"Furthermore, as our research showed that advisers have a variety of business strategies for migrating clients towards fee-based business models, each of the four funds will be available in three share class formats.

"Advisers want flexible access to investment offerings that span their client needs and simultaneously meet today's regulatory requirements. They do not want to migrate all client assets, wholesale, to a single platform, or to be obliged to adopt systematic sales, service and operations systems which leave little room for adviser discretion. Investment-only approaches which require blind faith to a particular style of asset management are equally unwelcome. Finally, they need this to be delivered at a cost that makes sense for both their clients and them.

"We believe our partnership orientated approach will hold great appeal for advisers because it is designed to offer complete, unfettered discretion. With Russell, advisers have the ability to use investment funds in a bundled or unbundled fashion, within Russell's proprietary asset allocation models or another of the adviser's selection. We look forward to working with advisers through our website and our fund suite to support them in a successful transition to a new advisory practice model."

Russell funds and model strategies will be available on a number of key industry platforms including Cofunds, Fidelity Funds Network, Standard Life, Nucleus and Novia.

Offering details

Growth Assets

IM Russell ICVC UK Growth Assets Fund

This fund offers investors access to UK growth assets, predominantly equities. At launch the assets will be advised by three UK equity managers: Investec, FOUR Capital and Blackrock. Each manager can pick stocks from any company or sector and is not limited to benchmark weights. Portfolio Manager: Ashley Reid

IM Russell ICVC International Growth Assets Fund

The Fund aims to offer investors access to international growth assets, predominantly equities. Russell Investments has selected Harris Associates, Marsico Capital Management, McKinley and MFS and Arrowstreet to advise on investment strategy for this fund. Portfolio Manager: Phil Hoffman

Defensive Assets

IM Russell ICVC Defensive Assets Fund

The Defensive Assets Fund will invest across a range of lower risk asset classes. The fund will predominantly be made up of cash and bond funds but may also include other lower volatility funds managed by Russell Investments such as the Absolute Return Equity Fund. The funds it invests in will be managed by twenty managers selected by Russell. The fund will be hedged back to sterling to cushion the impact of exchange rate volatility. Portfolio Manager: James Ind

Real Assets

IM Russell ICVC Real Assets Fund

The Real Assets Fund aims to provide exposure to a diversified portfolio of asset classes that are directly or indirectly linked to physical assets. This includes commodities, property companies, infrastructure companies and UK inflation-linked bonds. The fund has higher expected return and higher risk than that of bonds or cash but lower than that of equities. It will be predominantly a fund of funds and may include multi-manager, single manager and passive funds. Portfolio Manager: James Ind

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About Russell

Russell Investments is a global investment company with over \$175 billion in assets under management as of December 31, 2009. Russell serves individual, institutional and advisor clients in more than 40 countries and provides investment solutions including mutual funds, retirement investments, institutional asset management, implementation services and global stock market indexes. Russell is renowned for its depth of manager research, quality of manager selection and access to some of the world's leading investment managers. It helps investors of all sizes put this access to work in corporate defined benefit and defined contribution plans, and in the life savings of individual investors.

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