

IM Russell ICVC Real Assets Fund

December 2011

Portfolio manager



“Real Assets offers, in liquid form, a collection of asset classes that have strong performance potential and which add diversification to the typical balanced portfolio. Many investors are under-invested in these assets compared to the more traditional financial assets of equities and bonds.”

James Ind

Portfolio Manager,
Russell Investments

Key details

Launch Date:	30 November 2009
Benchmark:	RPI
Sector: (IMA/ABI)	Unclassified
AMC [^] : A Class (B, C Class)	1.50% (1.00%, 0.75%)
SEDOL A Class acc.	B4KZFS5

[^]Note: Initial charge is 3%. Accumulation and income options available for all share classes. Please contact Russell Investments for other SEDOLs. At this time B Class is not launched.

Fund overview

The IM Russell ICVC Real Assets Fund (“Fund”) aims to provide exposure to a diversified portfolio of asset classes that are directly or indirectly linked to physical assets, or to assets that the investment manager of the Fund, Russell Investments Limited, believes have a tendency to maintain their real (after inflation) value over time. Real assets include commodities (metals, oil, agricultural produce, etc), property companies, infrastructure companies (those operating physical assets such as roads and power networks) and UK inflation-linked bonds.

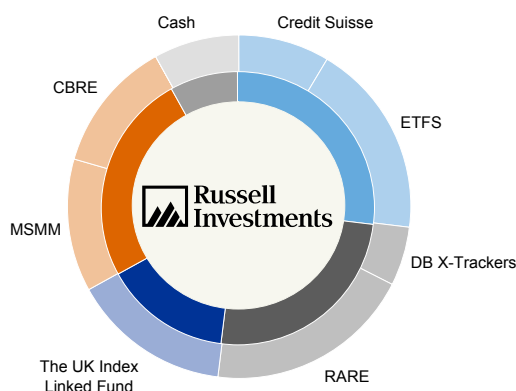
The Fund has higher expected return and higher risk than that of bonds or cash but lower than that of equities, given its well balanced and complementary spread of investments.

Process

The Fund is a fund of funds that provides exposure to a broad and evolving spread of real assets by investing in a range of funds which may include multi-manager, single manager and passive funds. Using extensive research in both mainstream and alternative asset classes, Russell Investments will select funds managed by managers that they believe are the best in class within each area. The combination of these funds into an efficient fund is carried out through rigorous portfolio modelling, which adapts to changing market conditions.

Fund and manager diversification

The Fund invests in other funds that are managed in totality by nine expert managers. The Fund will also invest in ETFs Commodity Securities Limited.



Data as at 30 November 2011

Asset Class	Weight	Fund
Commodity	27.0%	18.5% ETF Commodity Securities Limited - All Commodities DJUBS 8.5% Credit Suisse Commodity Index Plus Fund
Commercial Property	25.0%	12.5% MSMM Global Real Estate Securities 12.5% OpenWorld PLC - Global Opportunistic Listed Property
Listed Infrastructure	25.0%	19.5% OpenWorld PLC - Global Listed Infrastructure 5.5% DB X-Trackers S&P Global Infrastructure Equity ETF
Inflation Linked Bonds	15.0%	Russell Investment Company PLC – The Index Linked Fund
Cash	8.0%	Russell Investment Company III PLC – Sterling Liquidity Fund

Note: Currency Forwards £/\$ and £/EUR may also be used as appropriate and implemented by Russell Investments to hedge non-base currency exposure back to £.

Data as at 30 November 2011

Fund details

Credit Suisse Commodity Index Plus Fund

Benchmark: Dow Jones UBS Commodity Index

The fund provides exposure to the 19 Commodities represented by the Dow Jones Commodity Index. The fund uses futures or derivatives contracts to gain exposure to the 5 Commodity groups which form this index, namely: Agriculture (33% weight), Energy (28%), Industrial Metals (18%), Precious Metals (14%) and Livestock (7%). In order to maintain exposure to commodity markets, the manager will periodically roll these futures contracts forward and seek to generate performance by choosing the optimal time to implement these trades. Further performance will be sought by generating return on the collateral held to maintain the futures contracts, this will be invested in high quality, higher yielding fixed income instruments than the short maturity Treasury Bills held by the Index.

ETFS Commodity Securities Limited – ALL Commodities DJUBS

Benchmark: DJ-UBSCI Commodities

Designed to track the DJ-UBS Commodity Sub-IndexSM, this security pays an interest return which cumulates daily. The Index is an “excess return” index and the interest component combines to give a total return investment. No related group of commodities (e.g., energy, precious metals, livestock or grains) may constitute more than 33% of the index and no single commodity may constitute less than 2% of the index. The index is composed of futures contracts on 19 physical commodities and it reflects the return of underlying commodity futures price movements only.

DB-X Trackers S&P Global Infrastructure Equity ETF

Benchmark: S&P Global Listed Infrastructure Index

The fund provides liquid and tradable exposure to 75 companies from around the world that represent the listed infrastructure universe. To create diversified exposure across the global listed infrastructure market, the Index has balanced weights across three distinct infrastructure clusters: Utilities, Transportation and Energy. The cluster Energy comprises the areas Oil & Gas Storage and Transportation, the cluster Transportation comprises the areas Airport Services, Highways & Railroads and Marine Ports & Services and the cluster Utilities comprises Electric, Gas, Water and Multi. The Index follows a modified cap weighted weighting scheme that reduces single stock concentration and balances exposure across the clusters. No single stock has a weight of more than 5%.

Russell OpenWorld PLC – Global Listed Infrastructure

Benchmark: S&P Global Infrastructure Index

This fund aims to deliver returns in excess of G7 inflation over the long term by investing globally in listed infrastructure companies. Infrastructure investing has been around for a long time, but the listed market is an exciting new area which we believe is likely to become mainstream in the next ten years. This fund provides access to a boutique manager exclusively dedicated to investment in this listed market. The manager is distinguished by a deep investment team with extensive experience investing in listed and unlisted infrastructure, and in financial markets generally. Returns will be linked to the performance of the underlying listed infrastructure market, which we expect to continue to experience growth over the coming years as the demand for more liquid alternative asset classes increases.

Russell Investment Company PLC – The UK Index Linked Fund

Benchmark: FTSE Index Linked

The UK Index Linked Fund is managed passively to provide investors with a broad, risk-controlled exposure to this specialist asset class. The fund is invested entirely in UK Index-Linked Government Bonds (Index-Linked Gilts). No exposure to conventional (fixed coupon) UK Government Bonds or other asset classes is permitted. This ensures that the fund represents a pure exposure to Index-Linked Gilts from an asset allocation perspective. It is managed to an index replication mandate against the FTSE Index-Linked Index by M&G Investments.

Multi-Style, Multi-Manager PLC – The Global Real Estate Securities Fund

Benchmark: FTSE EPRA/NAREIT Developed Real Estate Net*

The fund aims to provide investors with exposure to a globally diversified portfolio of real estate securities including REITs. An important driver of success is to amplify those return sources we believe provide the most reliable means of alpha generation, while controlling risks we believe are uncompensated over the long term.

Russell Investment Company III PLC – Sterling Liquidity Fund

Benchmark: UK 1 month T Bill**

The fund seeks to provide maximum current income consistent with the preservation of capital and liquidity. The fund aims to achieve its objective by active security selection consistent with its daily assessment of market risks. The fund invests in short-term, high-quality sterling-denominated money market securities such as those issued or guaranteed by UK and OECD governments or supnationals, or by other highly rated credit issuers. Only securities maturing in 397 days or less will be included in the portfolio.

Russell OpenWorld PLC – Global Opportunistic Listed Property

Benchmark: FTSE EPRA/NAREIT Developed Real Estate Index NET

The fund aims to provide long-term capital appreciation from a portfolio comprised predominantly of Equities, Equity-Related Instruments and Trust Units by implementing the following strategies. The fund will predominantly invest in Equities, Equity-Related Instruments and Trust Units that are listed, traded or dealt in on Regulated Markets worldwide. At least two-thirds of the fund's total assets will be invested in securities that are issued by or in respect of Listed Property Entities worldwide.

* Benchmark prior to 10/2010 was FTSE EPRA/NAREIT Real Estate Index (Dublin Tax). Benchmark currently FTSE EPRA/NAREIT Developed Real Estate Index Net.

** Prior to December 2008, the benchmark was the CG UK 1 Month T Bill Average Yield Index. On 1st January 2009, the benchmark changed to the GBP Libid 1 Week index. On 15th April 2010, the benchmark changed to the UK 1 Month T Bill.

Important information

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