

CONVERSATION
fields
INNOVATION

Helping Advisers 2010
join the conversation.



Asset allocation and the adviser: 2010 perspective

*James Ind,
Portfolio Manager,
Russell Investments*

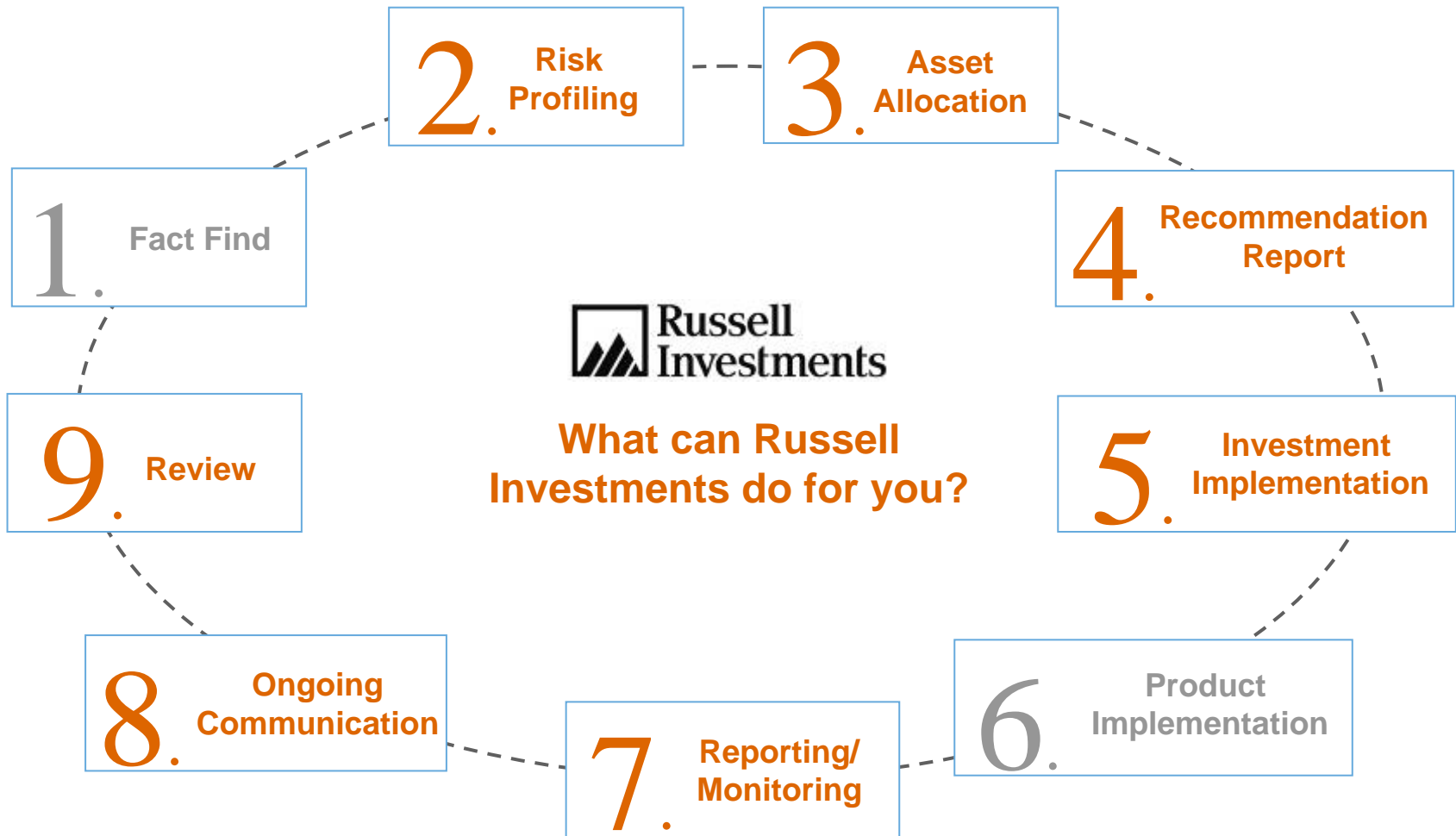
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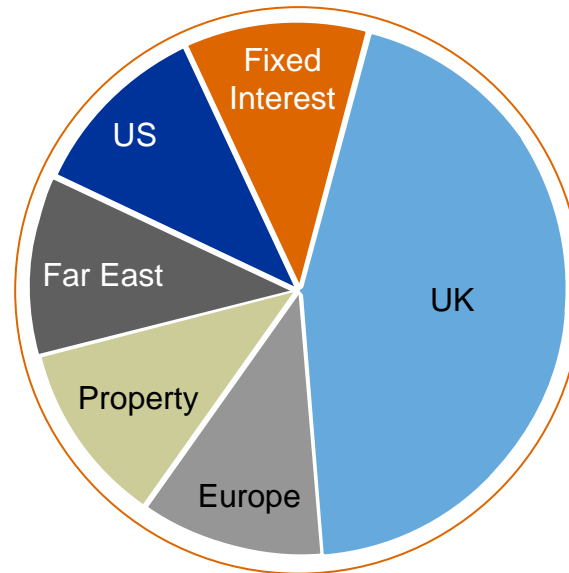
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Adviser's investment advice process



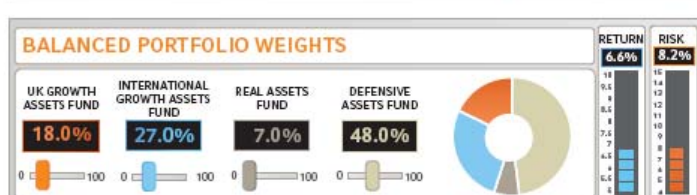
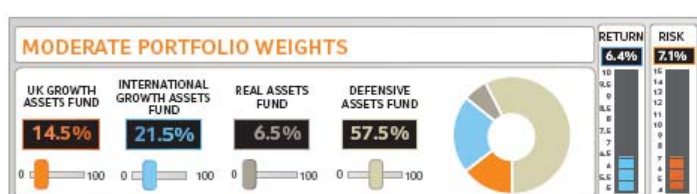
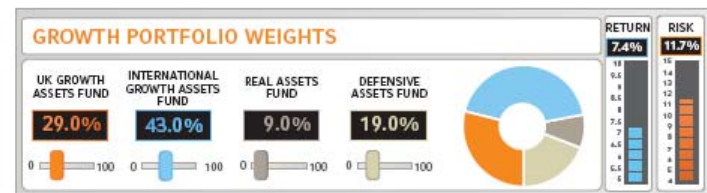
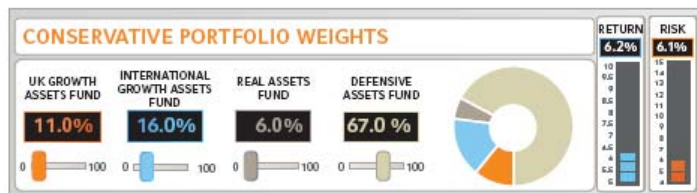
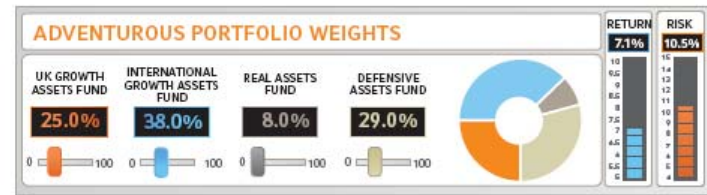
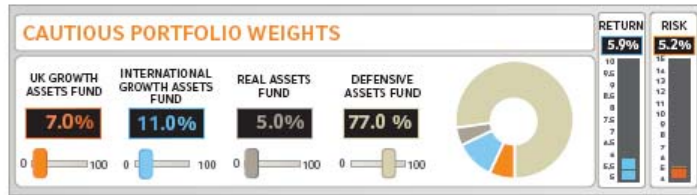
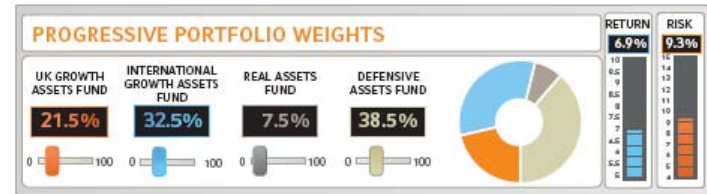
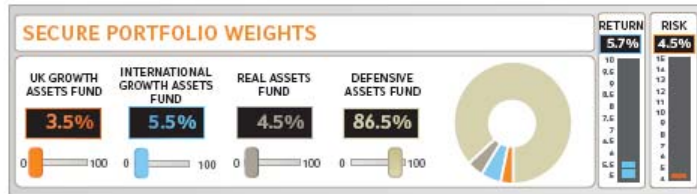
Now what?

When advisers get to this stage of the advice process, what do they do?



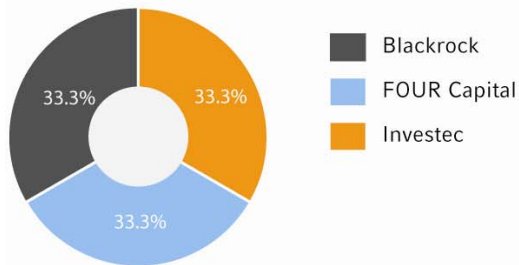
Pick 1 fund or lots of funds?

Russell Model Portfolios

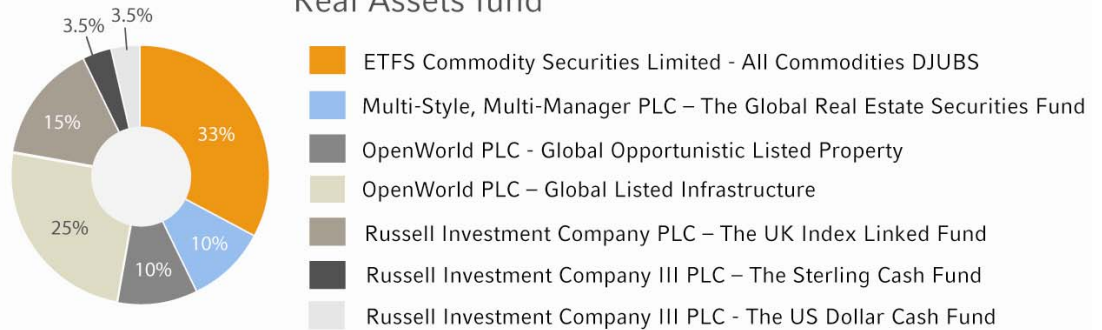


IM Russell ICVC funds overview

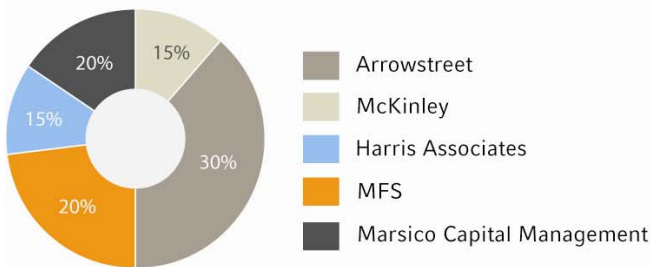
UK Growth Assets fund



Real Assets fund



International Growth Asset funds



Defensive Assets fund



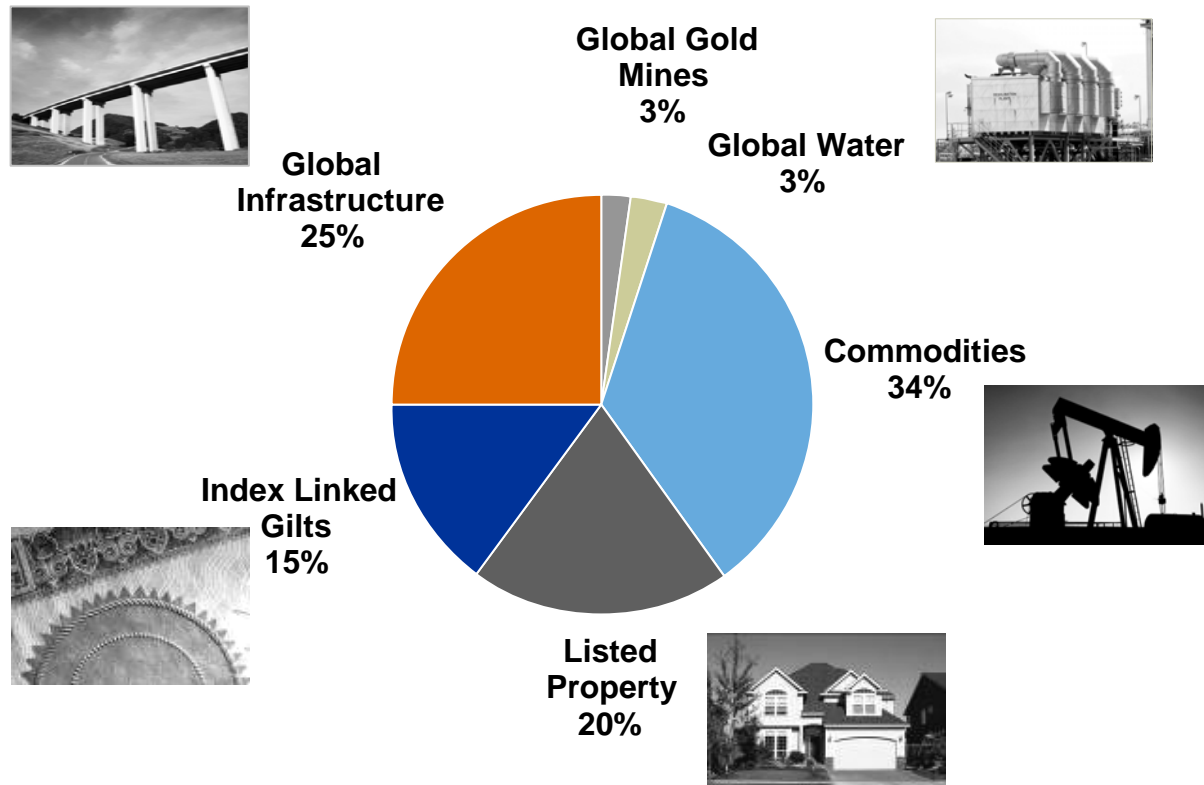
IM Russell ICVC Real Assets Fund

- Offering liquid exposure to real assets
- Assets that are often hard / tangible, and with a fundamental link to the general level of prices, e.g.
 - Commodities
 - Property
 - Land
 - Infrastructure
 - Index-linked bonds
 - Real return linked equities
- Strategic portfolio of alternative assets, which may additionally benefit from above trend price inflation
- Risk controlled portfolio construction framework
- UCITS compliance
- Liquidity, liquidity, liquidity



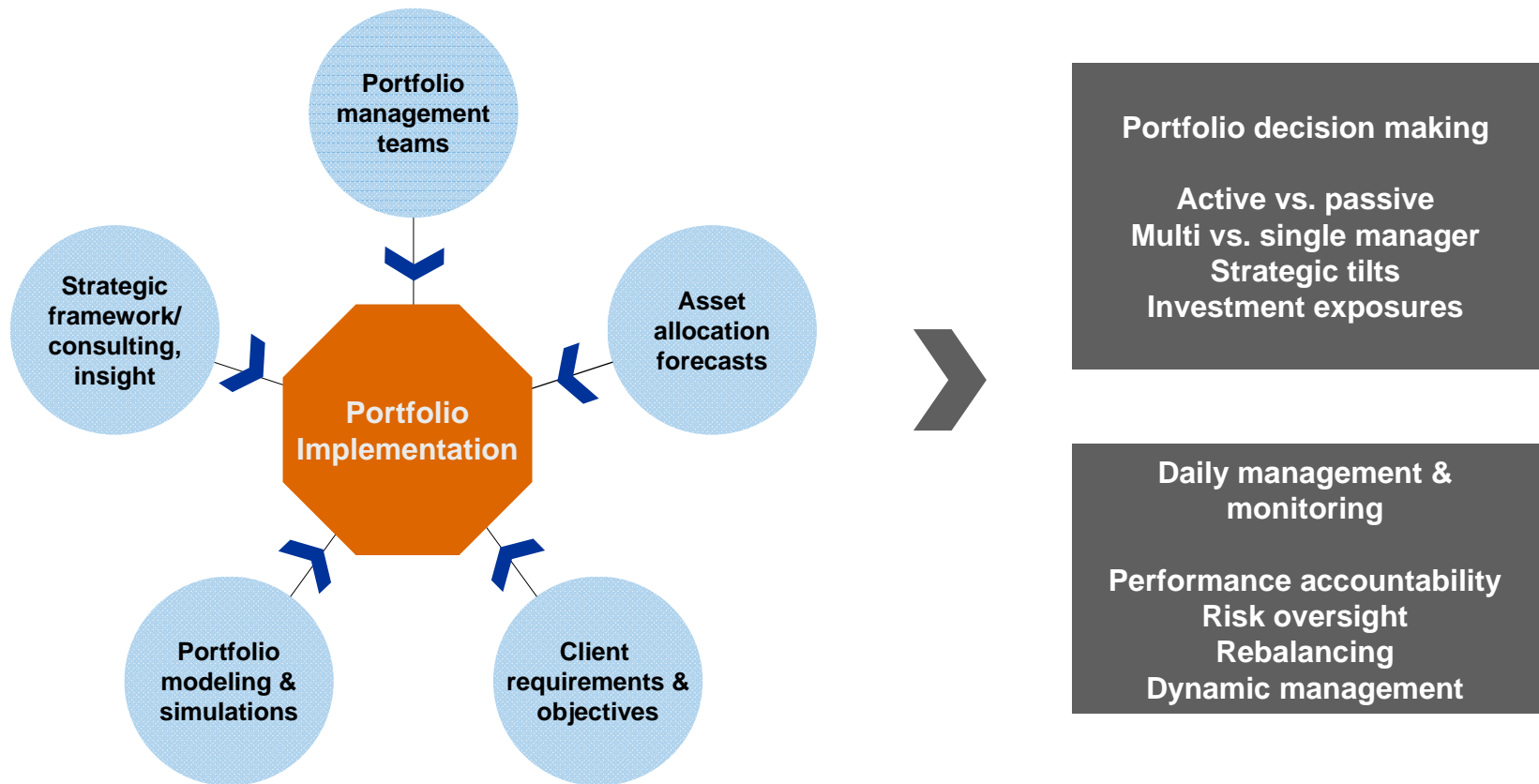
Model asset allocation

- Illustrative asset allocation of *neutral* strategic position
- Asset allocation will be dynamic and dependent on market environment, valuations & bottom-up opportunities

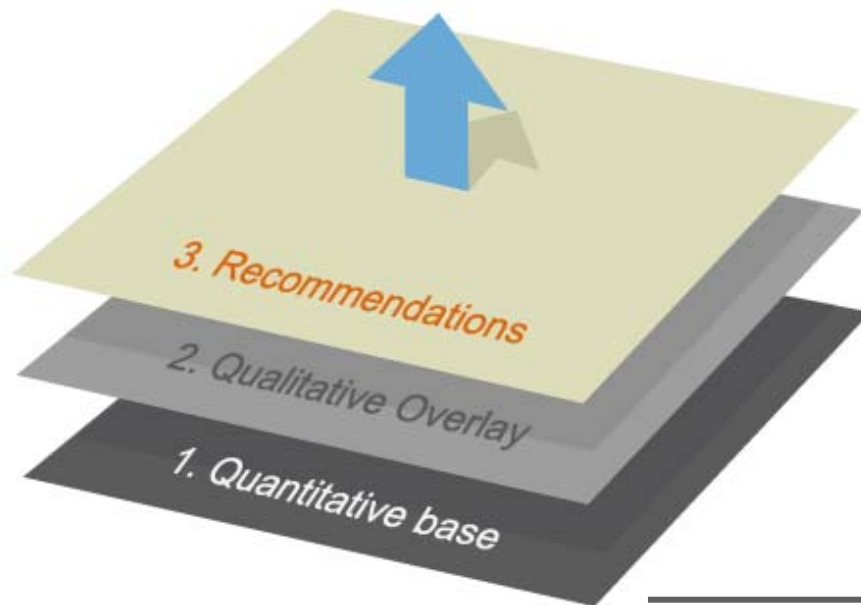


How Russell manages multiple assets:

The inputs & outputs



Russell's dynamic approach to Asset Allocation



3. Recommendations

- Investor's risk tolerance considered
- Dynamic signals which account for market risk

2. Qualitative Overlay

- Overview by global Investment Strategists' Team (over 40 years' experience)
- Timing assessment, not just price
- Analysis of driving force behind misvaluation to assess sustainability
- Insight from global manager research

1. Quantitative base

- Over 300 models covering over 100 pairwise comparisons
- Multiple model types
- Models developed over the last 15 years

Use complementary managers to outperform

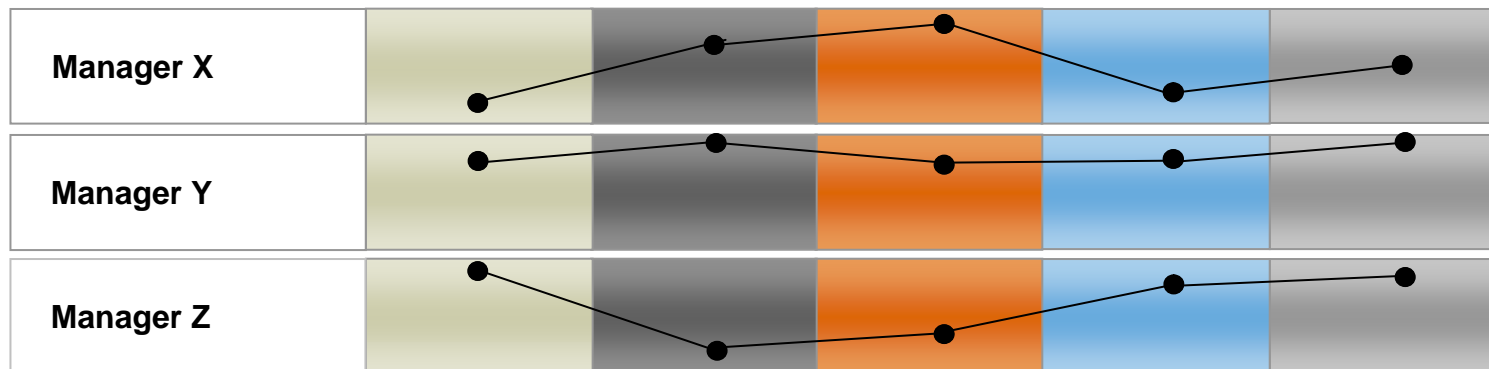
Investment processes differ across managers

Portfolio management

Different Dimensions
Of Active Management

TECHNICAL	SHORT TERM	SYSTEMATIC	GROWTH	BOTTOM UP
↑ RESEARCH FOCUS ↓	↑ TIME HORIZON ↓	↑ FLEXIBILITY ↓	↑ STYLE ↓	↑ DECISION MAKING FRAMEWORK ↓
FUNDAMENTAL	LONG TERM	JUDGEMENTAL	VALUE	TOP DOWN

Combine Managers With Complementary Approaches



Implementation:

Russell's proven investment approach

Dedicated portfolio manager

Outstanding managers...

Manager research

- 5200 meetings a year
- 39 years' experience researching managers

Straightforward access to diverse return sources

Expertly combined...

Portfolio management

- £109 billion AUM*
- 28 years' managing multi-manager funds

Security from Russell continually managing the portfolio

Efficiently implemented...

Implementation

- Over £490 billion assets transitioned in 2008
- 28 years' implementation experience

Security from risk control activities and operational scale

Improved efficiency through access to expertise

Source: Russell Investments. All data as at 31 December 2008, unless otherwise stated. * Data as at 30 September 2009