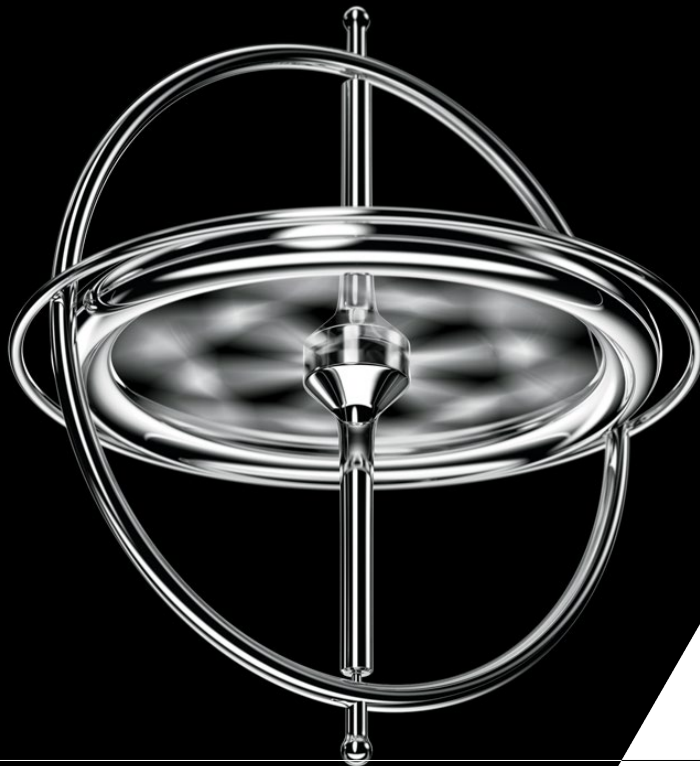


# Investment Review

## Nevada System of Higher Education



Fourth Quarter 2020

# Investment Review

## Nevada System of Higher Education

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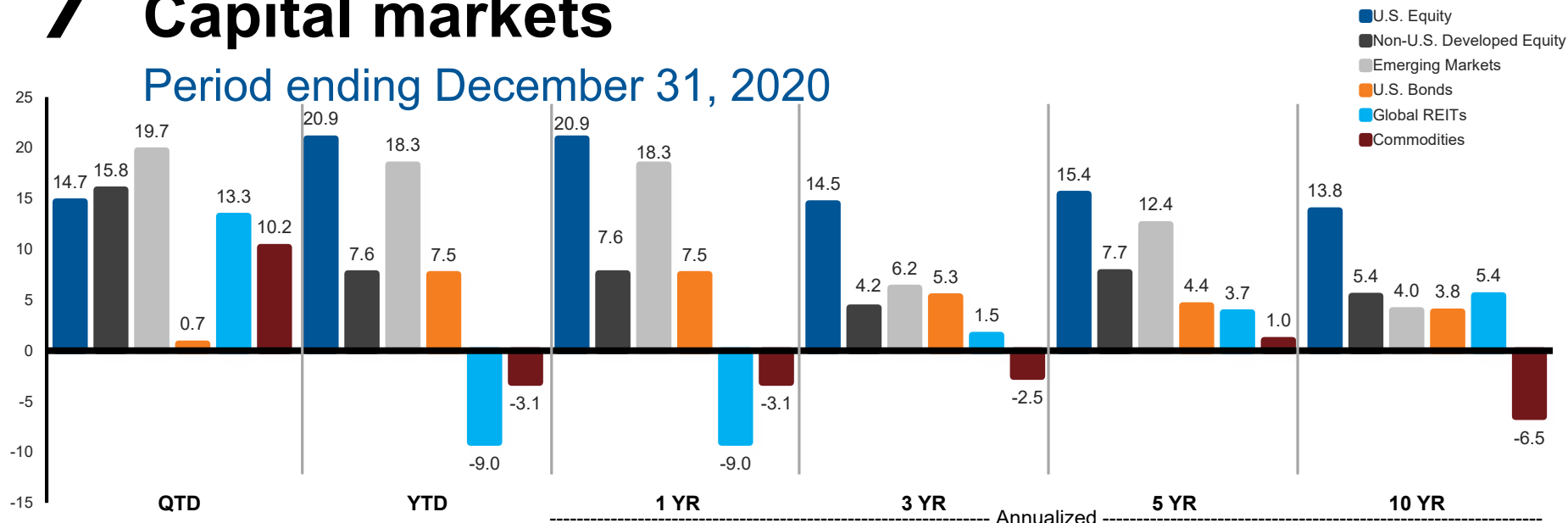
# Agenda

- > Economic and Financial Markets Review
- > Account Performance Summary
- > Appendix
  - > Russell Investments Fund Review
  - > Account Performance Detail

# Economic and Financial Markets Review

# Capital markets

Period ending December 31, 2020



- > Multiple COVID-19 vaccines were found to be highly effective and approved for emergency use in the United States and Europe in December. Meanwhile virus outbreaks intensified through the holiday period, stressing healthcare systems and leading to localized lockdowns in the U.S. and national lockdowns in many European economies. Markets focused on the former, as vaccine rollouts should ensure a strong economic and earnings rebound through the middle of 2021 as dislocated services sectors of the economy like travel, restaurants and entertainment bounce back.
- > As a result of positive vaccine news and the prospects of a gradual return to 'normalcy' in the second-half of 2021, stocks most closely tied to economic fundamentals experienced strong returns, led by small cap and value-oriented names. The Russell 2000 Index returned over 31% for Q4, and the Russell 3000 Value Index outperformed its growth counterpart by 4.8%. Cyclical rebound tailwinds, U.S. dollar weakness and the prospect of positive vaccine news spurring an economic rebound resulted in emerging market equities being a regional outperformer over the quarter.
- > Global central banks continue to provide maximum accommodation. The U.S. Federal Reserve reiterated its commitment to keep interest rates at zero until inflation is threatening to break above its 2% target. Even with upgrades to their recent GDP forecasts, the Fed's December policy meeting guided that overnight interest rates could remain at zero through 2023. The benchmark 10-year Treasury yield rose twenty-three basis points to 0.93% during the quarter.
- > Real assets had a strong quarter, with global REITs up over +13%. The strongest sector within the index was lodging up 51%, followed by malls up over 37%, in anticipation of demand returning to those areas of the market following what has been a beleaguered 2020.
- > The Barclays Commodities Index was up approximately 10%. Most sectors were positive, in part due to a weaker U.S. dollar as well as demand for industrial metals, partly due to demand for application among green technology and energy sources.

**U.S. Equity:** (Russell 3000® Index) U.S. stock index which includes the 3,000 largest U.S. stocks as measured by market capitalization.

**Non-U.S. Developed Equity:** (MSCI World ex USA Net) (Linked) International market index that includes Western Europe, Japan, Australia and Canada.

**Emerging Markets:** (MSCI Emerging Markets Index Net) (Linked) Emerging markets index that includes S. Korea, Brazil, Russia, India and China.

**U.S. Bonds:** (Bloomberg-Barclays U.S. Aggregate Bond Index) Broad index for U.S. fixed income market.

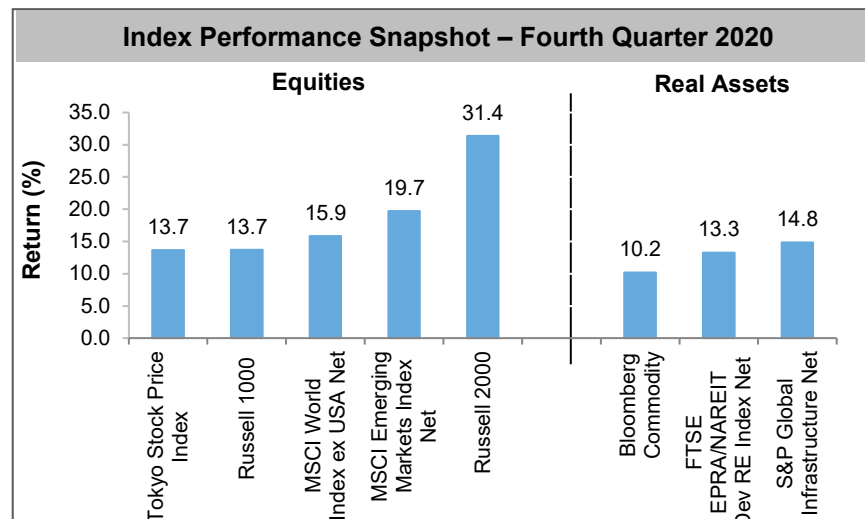
**Global REITs:** (FTSE EPRA/NAREIT Index - Linked) Index for global publicly traded real estate securities.

**Commodities:** (Bloomberg Commodity Index Total Return) Broad index of common commodities.

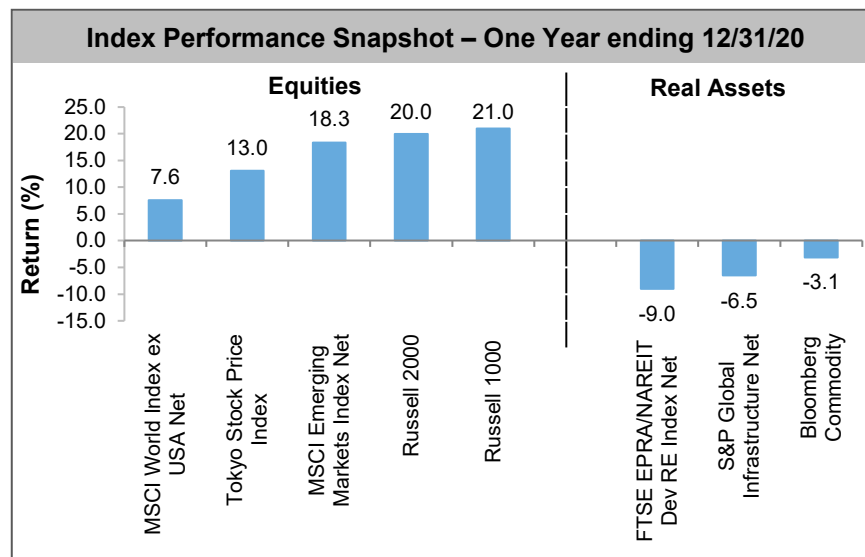
# Return-seeking asset review

## As of December 31, 2020

- > Major Covid-19 vaccine breakthroughs by several prominent companies sent a wave of relief throughout markets, as investors began to believe that an end of the global pandemic was finally within reach. This development offset the negative effects on investor sentiment engendered by a new Covid-19 strain, a second wave of rising coronavirus cases and newly imposed lockdown restrictions in several countries. Alongside the positive vaccine news, political uncertainty eased in the US, with Joe Biden winning the US presidential election and in Europe, where the UK and the European Union agreed upon a Brexit trade deal.
- > Two sectors which struggled this year, energy and financials, both outperformed notably in the fourth quarter. Energy surged owing to higher oil prices which increased on the back of increased demand expectations for 2021. Consumer discretionary and materials were also positive. The main laggards this quarter were more defensively positioned sectors such as consumer staples, utilities and health care.
- > In factor performance, Value staged a remarkable comeback this quarter, notably in November, on the back of more favorable fundamentals. While still an underperforming factor for the year, Value has been slowly clawing back its losses. Small cap stocks also had a positive quarter as risk appetite among investors increased after Covid-19 vaccines were released. On the other side of the spectrum, Momentum and Growth styles lagged for the first time this year.
- > Real assets had a strong quarter, with Infrastructure up approximately +15% and the Global REITs up over +13%, outperforming global equities. The fourth quarter was the strongest quarter for listed infrastructure in the last decade, while the majority of returns occurred in November, with momentum from diminishing legislative and COVID-related uncertainty. The Barclays Commodities Index was up approximately 10%. Most sectors were positive, in part due to a weaker U.S. dollar as well as demand for industrial metals, partly due to demand for application among green technology and energy sources.



Index performance represents total return (\$USD).

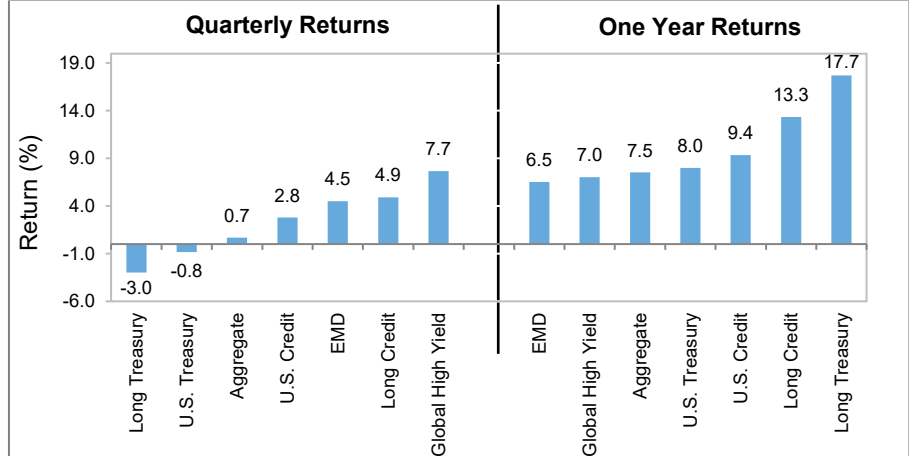


# Fixed income review

## As of December 31, 2020

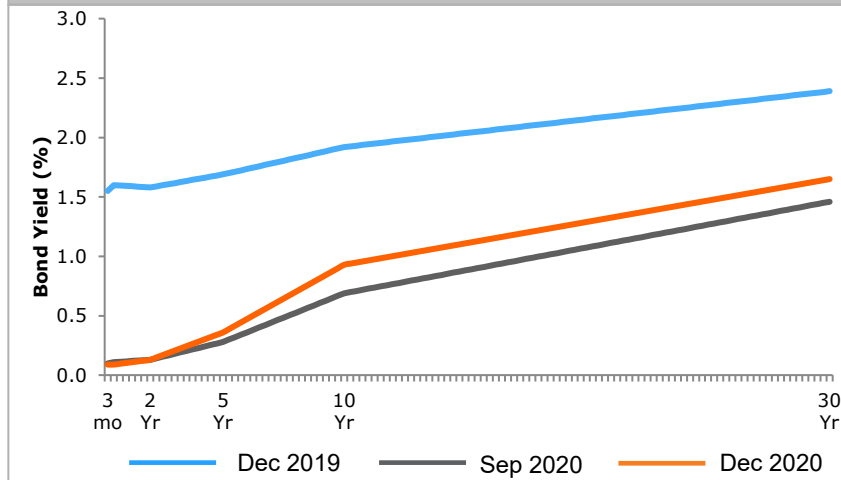
- > The Federal Reserve (Fed) kept its current monetary policy unchanged throughout the quarter but urged for more fiscal support. This comes as Treasury Secretary Steven Mnuchin unexpectedly decided to end five Fed emergency lending programs by the end of the year, explaining that the programs had “clearly achieved their objective”. The Fed criticized the decision, urging that the funds “continue to serve their important role as a backstop for our still-strained and vulnerable economy”.
- > The benchmark 10-year Treasury yield rose twenty-three basis points to 0.93% during the quarter and the curve steepened as an increase in inflation expectations slowly crept into the market.
- > Positive risk appetite led to spread tightening across the spectrum of fixed income credit sectors. Extended fixed income sectors such as high yield and emerging market debt were top performers in the quarter.
- > Over the last 12 months, long duration bonds stood out as the top performer as both credit spreads and treasury rates declined although the path was anything but linear.

### Index Performance Snapshot – Fourth Quarter 2020



Source: Barclays Index performance represents total return (\$USD)

### U.S. Treasury Yield Curve



Source: U.S. Treasury, 12/31/2020

Indexes are unmanaged and cannot be invested in directly. Past performance is not indicative of future results.

OAS = Option Adjusted Spread is a measurement of the spread of a fixed-income security over an equal duration treasury security adjusted to take into account the value of any embedded option in the bond.

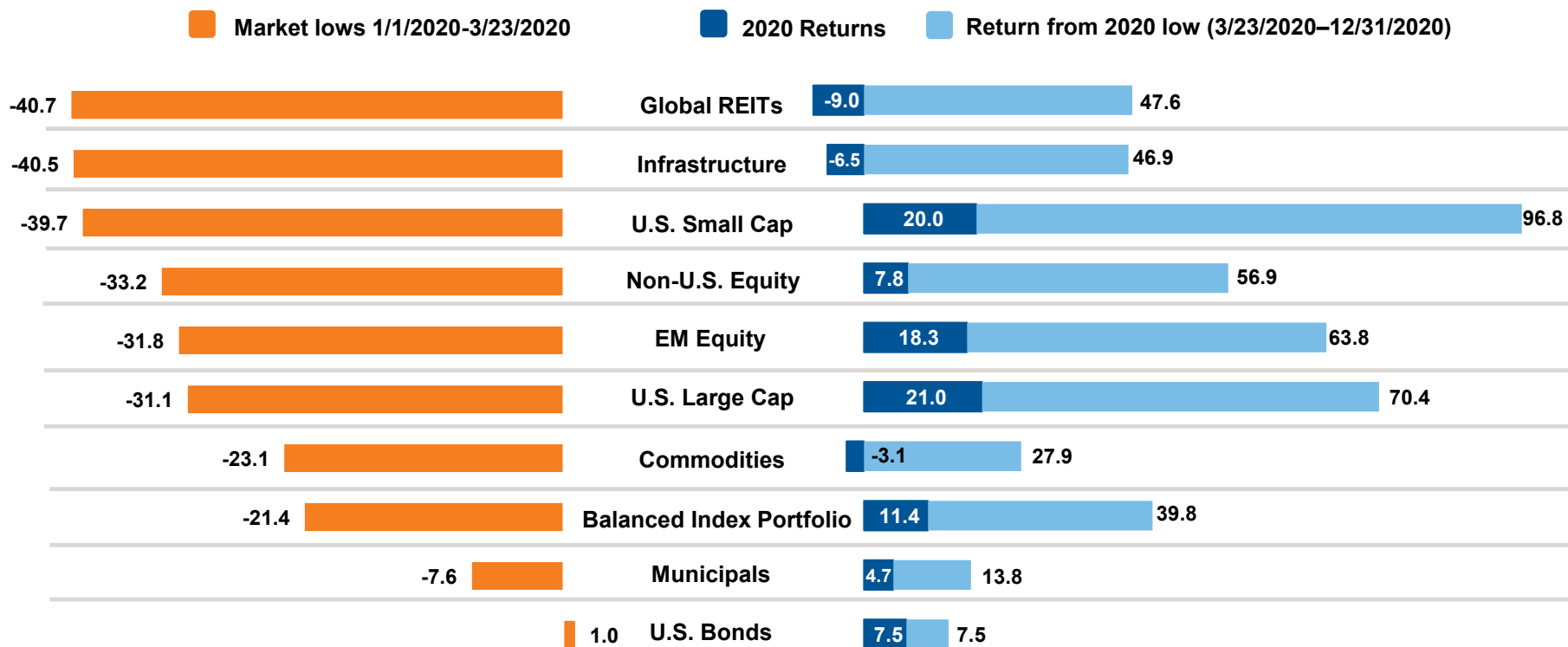
### OAS Spread Levels

	As of Dec 31, 2020	Quarterly Trend	Ten Year Average	Yield to Worst
Agencies	22	↓	48	0.6%
IG Corporate	96	↓	185	1.7%
MBS	39	↓	53	1.3%
CMBS	81	↓	252	1.3%
ABS	33	↓	141	0.5%
High Yield (US Corp)	360	↓	598	4.2%
EMD (USD)	281	↓	360	3.5%

Source: Barclays, 12/31/2020. 10 Year average as of 12/31/20.

# The highs and lows of 2020

## Drawdowns and subsequent recoveries by asset class



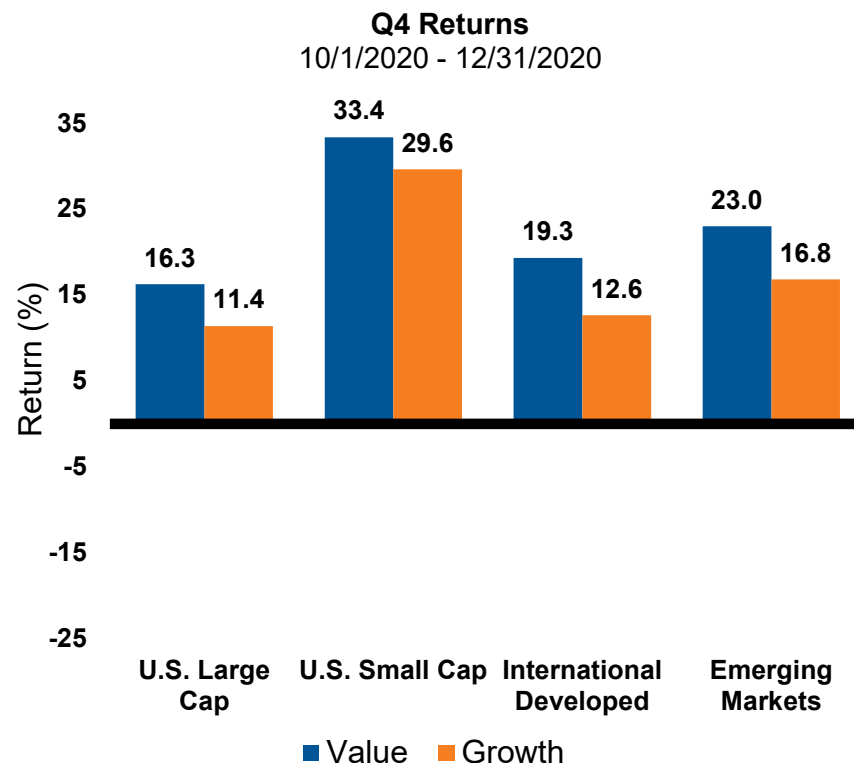
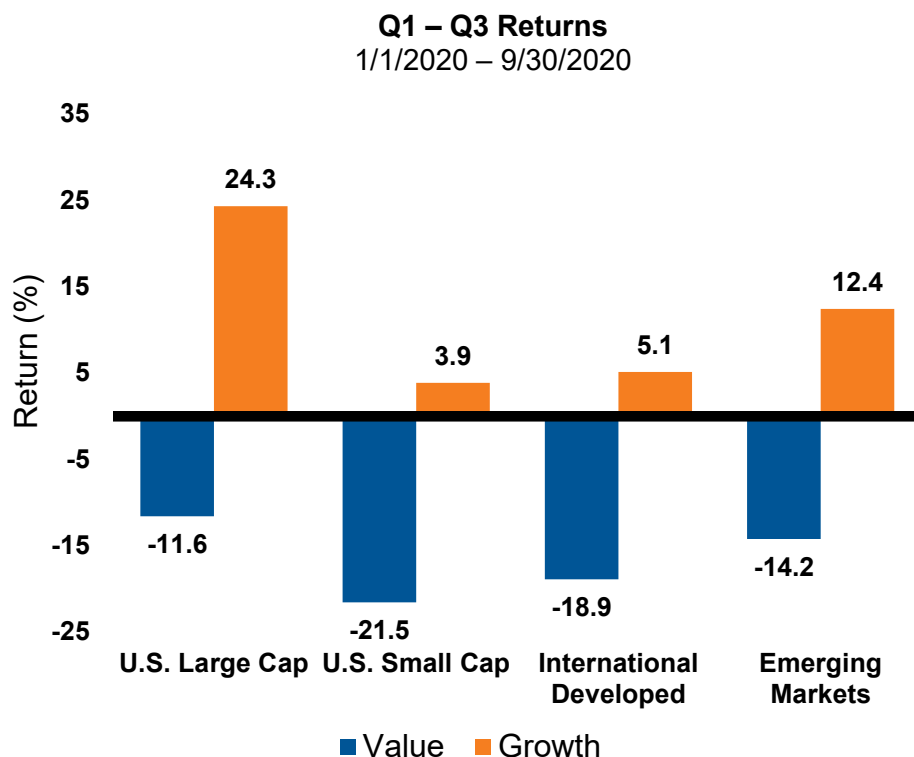
Volatility brought on by COVID-19 was dramatic in 2020, but investors that stayed invested were rewarded with substantial rebounds from the market lows in March

Source: U.S. Small Cap: Russell 2000® Index; U.S. Large Cap: Russell 1000® Index; Non-U.S.: MSCI EAFE Net index; Infrastructure: S&P Global Infrastructure Index; Global REITs: FTSE EPRA/NAREIT Developed Index; Municipals: Bloomberg Barclays Municipal Index, EM Equity: MSCI Emerging Markets Index; U.S. Bonds: Bloomberg Barclays U.S. Aggregate Bond Index; Commodities: Bloomberg Commodity Index Total Return; Balanced Index: 5% U.S. Small Cap, 15% U.S. Large Cap, 10% Global, 12% Non-U.S., 4% Infrastructure, 5% Global High Yield, 4% Global REITs, 6% EM Equity, 30% U.S. Bonds, 5% EMD and 4% Commodities. Index returns represent past performance, are not a guarantee of future performance, and are not indicative of any specific investment. Indexes are unmanaged and cannot be invested in directly.



# Q4 leadership was unlike the rest of the year

Small cap and value stocks outperformed after large growth dominance

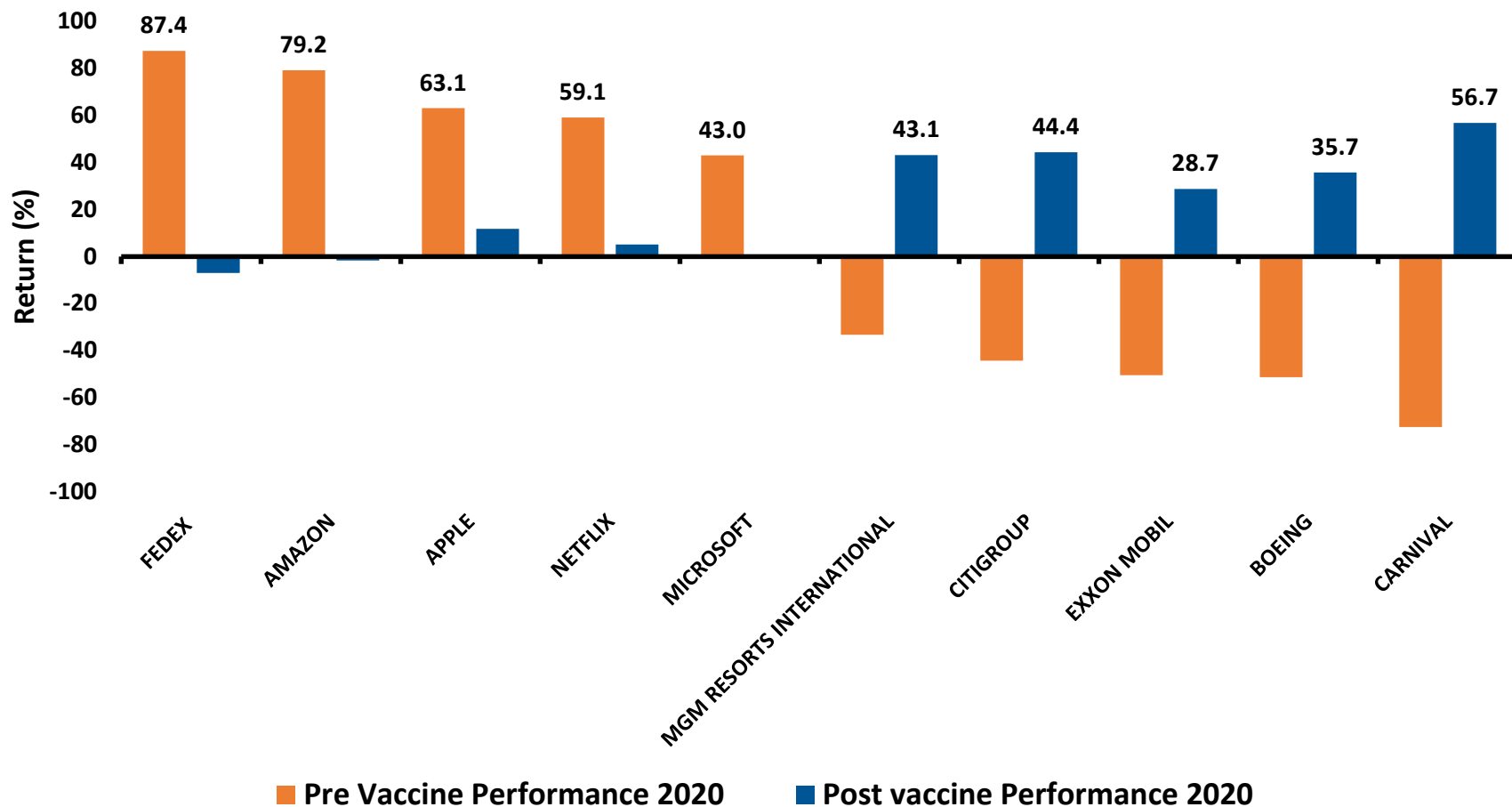


- Market performance for Q1 – Q3 was dominated by U.S. large growth while small cap and value trailed.
- During Q4 market leadership flipped as U.S. small cap, value and non-U.S. outperformed.
- The sharp reversal in Q4 illustrated the challenge of trying to chase recent market winners.

Growth: Russell 1000 Growth Index; Russell 2000 Growth Index; MSCI World ex US Growth Index; MSCI EM Growth Index; Value: Russell 1000 Value Index; Russell 2000 Value Index; MSCI World ex US Value Index; MSCI EM Value Index. Index returns represent past performance, are not a guarantee of future performance, and are not indicative of any specific investment. Indexes are unmanaged and cannot be invested in directly.  
Source: Morningstar Direct

# Examples of the rotation

## S&P 500 select names 2020 performance – vaccine rotation

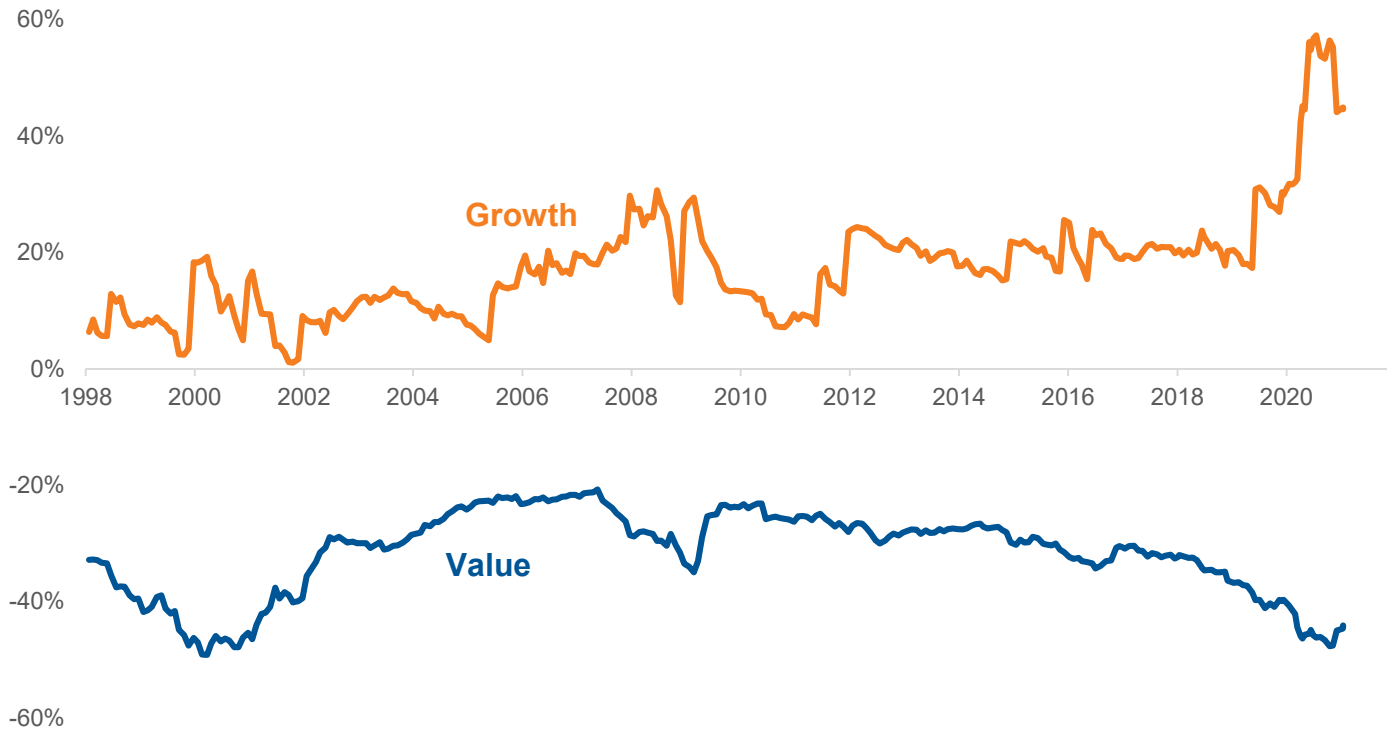


Note: Performance numbers are in USD as 31<sup>st</sup> December 2020 Pre Vaccine Performance 2020 is 12/31/19 to 11/8/20, Post Vaccine 2020 is 11/8/20 to 12/31/20.

# Value-Growth valuation spreads still extreme

Even with the better performance in Q4 and carrying into early 2021

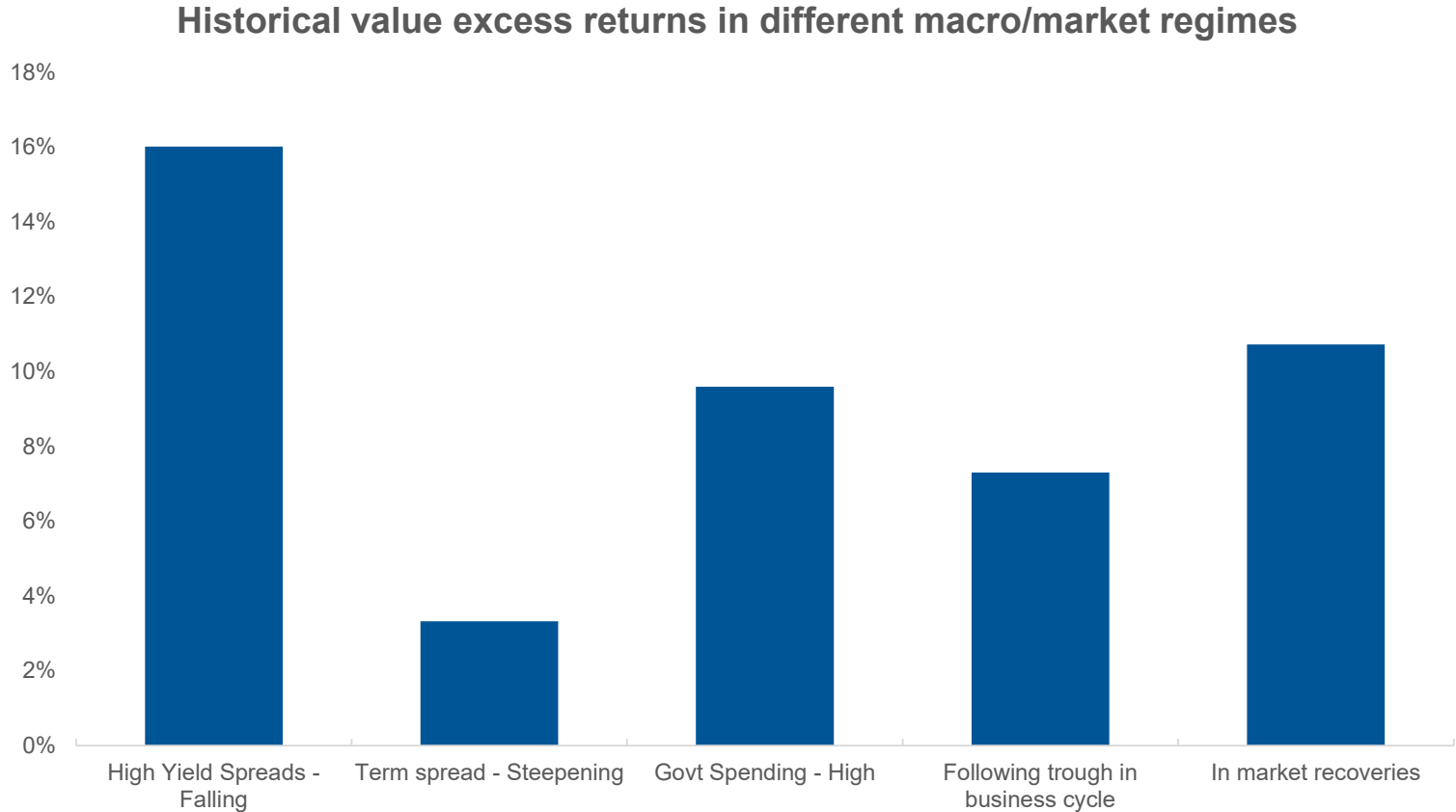
Factor premium (discount) to MSCI World Index



Source: Russell Investments estimates as of January 14<sup>th</sup> 2021. Data shown are for our MSCI World Russell Factor Portfolios. Premiums and discounts are based on a simple average of four valuation measures: price-sales, price-book, price-7yr trailing earnings, and enterprise value-ebitda.

# The cycle is also very supportive for Value

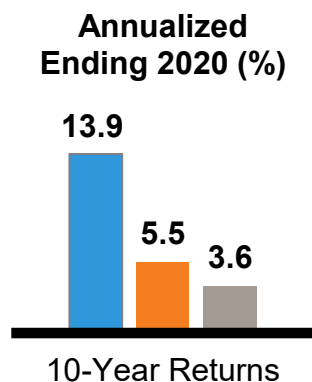
Stimulus, modest curve steepening, strong economy are all positives



Source: Russell Investments calculations. Based on HML factor data from Kenneth French from 1926 to 2020.

# Global equity markets

## Imbalances & opportunities



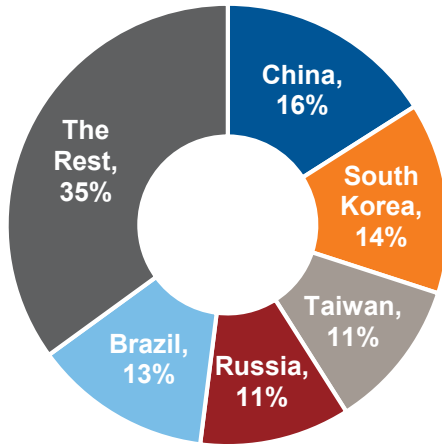
	United States	International Dev	Emerging Markets
Market Cap 1990-2020	30% - 59%	26% - 67%	2% - 14%
% of global GDP	16%	26%	58%
% of global population	4%	10%	86%
Central bank rates	0.00% – 0.25%	-0.75% - 0.50%	0.25% - 6.50%
Price/Earnings	22.6	17.0	15.3
Price/Book	3.7	1.6	1.8
Dividend yield	1.7%	2.5%	2.3%

Sources: S&P 500 Index, MSCI EAFE Index, MSCI Emerging Markets Index, International Monetary Fund, World Bank. Index returns represent past performance, are not a guarantee of future performance, and are not indicative of any specific investment. Indexes are unmanaged and cannot be invested in directly. Numbers may not add due to rounding.

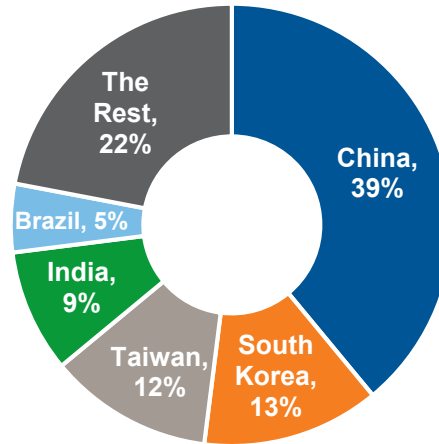
# EM becoming more concentrated at the top

Concentration does not preclude wide range of return opportunities

DECEMBER 2007

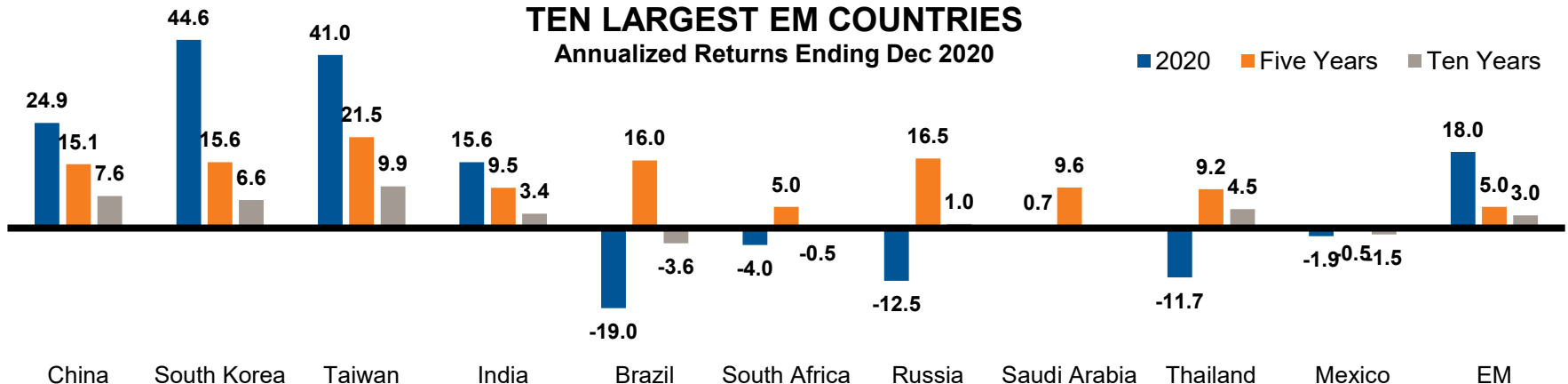


DECEMBER 2020



- Increasing country concentration
  - At 20<sup>th</sup> anniversary of index, top five represented ~65%
  - Today top five account for ~78%
- Significant return dispersion exists across markets

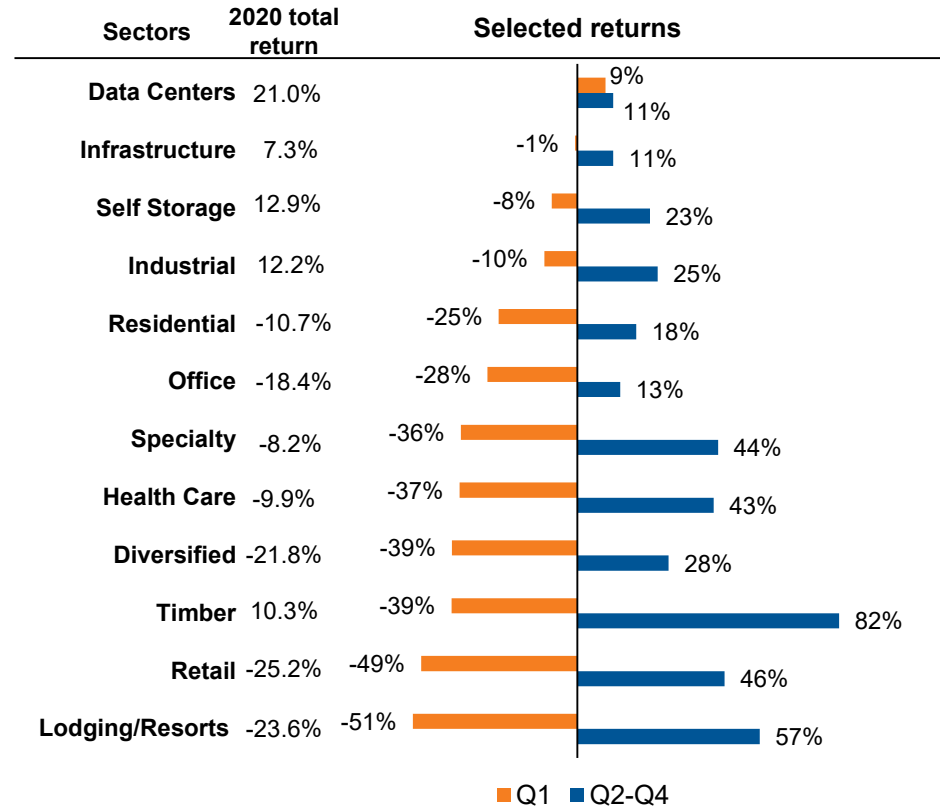
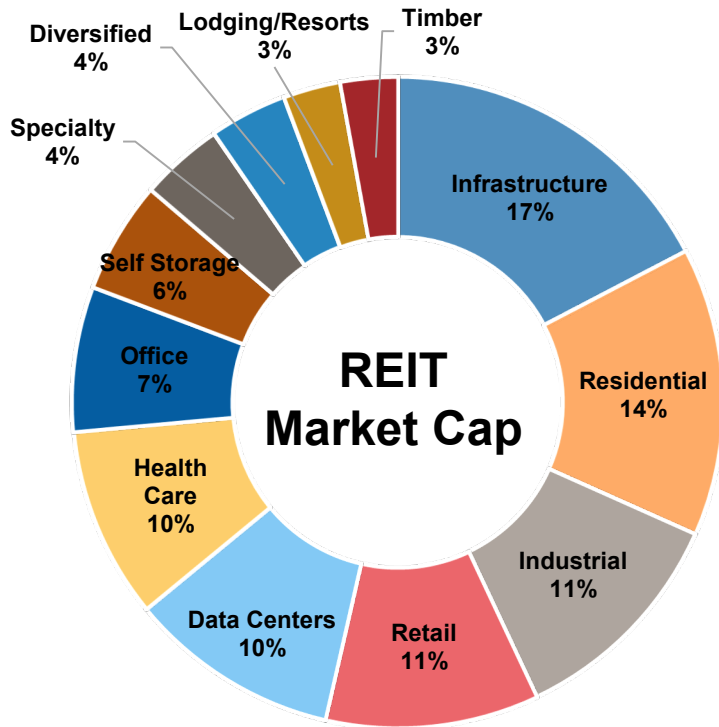
TEN LARGEST EM COUNTRIES  
Annualized Returns Ending Dec 2020



Source: MSCI Emerging Markets Index and MSCI All Country World Index

# Real estate investment trust (REIT) sectors

COVID-19 has impacted REIT sectors differently

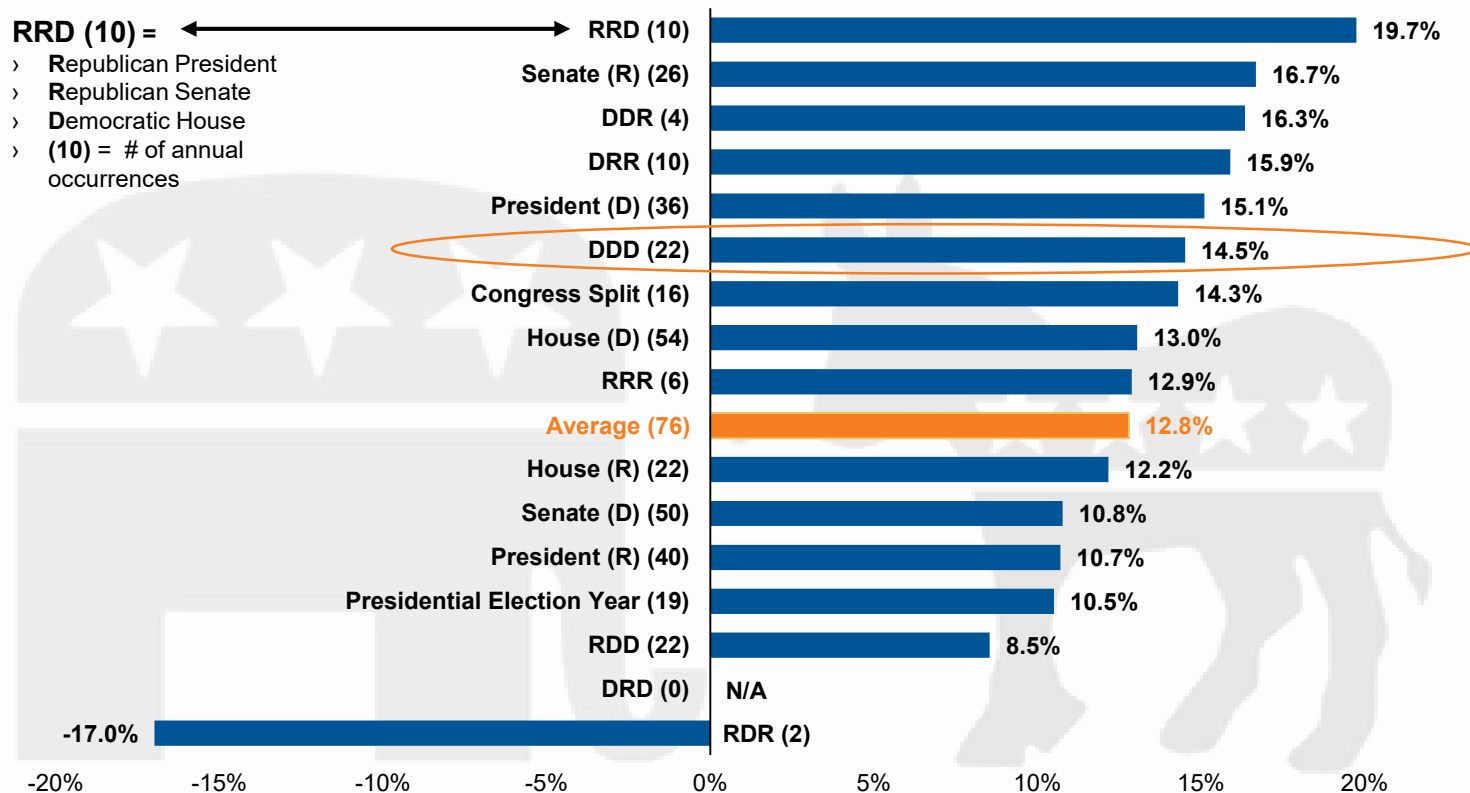


REIT index had a challenging year. However, some sectors weathered economic restrictions and socially distancing policies better than others.

Morningstar Direct, Nareit FTSE Nareit Eqty Data Centers TR, FTSE Nareit Eqty Self Storage TR, FTSE Nareit Eqty Industrial TR, FTSE Nareit Eqty Timber TR, FTSE Nareit Eqty Infrastructure REITs TR, FTSE Nareit Eqty Specialty TR, FTSE Nareit Eqty Health Care TR, FTSE Nareit Eqty Residential TR, FTSE Nareit Eqty Diversified TR, FTSE Nareit Eqty Lodging/Resorts TR, FTSE Nareit Eqty Retail TR, FTSE Nareit Eqty Office TR. Index returns represent past performance, are not a guarantee of future performance, and are not indicative of any specific investment. Indexes are unmanaged and cannot be invested in directly.

# Politics and markets

## U.S. stocks' performance vs political makeup 1945-2020



- Markets dislike uncertainty more than they dislike any specific party
- Since the end of World War II, no party has consistently experienced superior market returns
- Focus on the policies rather than the people

U.S. Stocks: S&P 500® Index. As of 12/31/2020. Indexes are unmanaged and cannot be invested in directly. Returns represent past performance, are not a guarantee of future performance, and are not indicative of any specific investment.



# Quarterly outlook and asset class positioning

## Economy

- › Nov 9<sup>th</sup> Pfizer/BioNtech vaccine announcement propelled strong equity returns and a significant shift in market leadership
- › Economic data continued to show recovery as unemployment fell in Oct and Nov. December's job loss showed clear signs that the renewed viral outbreak was taking a direct toll on the economy
- › In response to the expanding lockdowns, the US also passed and signed another \$900B stimulus package aimed at small businesses, consumers and Covid related funding
- › The path and duration of the viral outbreak is still the largest economic risk
- › Russell Investment's GDP growth expectations for 2021 is 5.5% to 6%

## Markets

- › Neutral between equity and fixed as risks remained balanced, high expectations and high valuations offset cyclical support
- › Rates moved up in the 4<sup>th</sup> quarter and again after Georgia election, forecast at the end of 2021 the 10 year will be between 1.1% & 1.4%
- › As they have in the post vaccine announcement period, emerging markets, non-U.S. developed markets, small cap and value have opportunity to continue to outperform in economic recovery scenario

## Equity Strategies<sup>1</sup>

- › Overweight to value and modest underweight to growth
- › Modest overweight to higher volatility and significantly underweight momentum
- › Continue to overweight consumer discretionary largest sector overweight, industrials largest underweight, targeted neutral U.S. beta
- › Small cap overweight value and earnings yield underweight momentum
- › In global portfolios, emphasizing manager security selection as primary excess return source with an overweight to value and non-US

## Fixed Income Strategies<sup>2</sup>

- › Moderately long duration and starting to move that exposure out the curve
- › Overweight credit favoring fallen angels, IG corporates and high quality securitized
- › Key rates positions are long U.S., Australia and short Germany
- › Key FX positions are long CAD, GBP, MXN and short USD, CHF

## Multi-Asset Strategies<sup>3</sup>

- › Moderately risk-on: Balancing positive economic cycle support for risky assets due to positive vaccine news and supportive monetary/fiscal policies with the ongoing uncertainty over the continued spread of COVID-19 cases
- › Maintained US underweights in favor of non-US overweights due to attractive valuations
- › Underweight credit: Trimmed credit risk via reduction in high yield exposure following continued spread tightening and relatively unattractive skew when compared to equity risk
- › Overweight duration: Maintained an overweight duration exposure with preferences for 30y treasuries as a ballast to portfolio risk drivers.

Indexes are unmanaged and cannot be invested in directly. There is no guarantee that any stated expectations will occur. Source: Russell Investments Strategist Team, December 2020.

<sup>1</sup>As measured by the RITC Equity I, Large Cap U.S. Equity Fund and World Equity Fund. <sup>2</sup>Relative to Bloomberg Barclays U.S. Agg Bond Index and the RITC Multi-Manager Bond Fund.

<sup>3</sup>As measured by the RITC Multi-Asset Core Fund.

# Account Performance Summary

# Endowment OCIO Update

## Executive Summary as of December 31, 2020

### A. Performance:

- A strong finish appreciated the portfolio 5.5% net of fee during the calendar year, trailing its Policy Benchmark\* by -4.1%.
- For the quarter, Russell managed assets appreciated 10.6% net of all fees (OCIO, sub advisory, etc.), with underlying asset class returns ranging from 14.5% for the Growth allocation to 0.9% for the Real Assets allocation. Assets as of the end of the quarter were \$116M with gains from investments during the quarter of over \$11M. The Growth portfolio was positive in both absolute and benchmark relative returns. Three long standing market trends reversed in the fourth quarter; value stocks beat growth, International equities outperformed US, and the US dollar weakened. The portfolio was positioned and benefited from the trend reversal.
- Major Covid-19 vaccine breakthroughs by several prominent companies sent a wave of relief throughout markets and investors began to believe that an end of the global pandemic was finally within reach. Alongside the positive vaccine news, political uncertainty eased in the US with Joe Biden winning the US presidential election and the UK came to a Brexit agreement with the European Union. The news rewarded value stocks, cyclicals, and smaller cap companies. The positive vaccine news and the re-opening trade pushed US Small Cap stocks up 31% during the quarter. In addition, a weaker US dollar helped emerging markets return close to 20% during the quarter.
- The Fed kept its current monetary policy unchanged but urged for more fiscal support. The 10-year Treasury yield rose 23 basis points to 0.93% and the curve steepened as an increase in inflation expectations slowly crept into the market. Positive risk appetite led to spread tightening across the spectrum of fixed income credit sectors. The fixed income portfolio was well positioned for this market and returned 2.1% during the quarter, 1.7% ahead of the benchmark.

### B. Asset Allocation and Guideline Compliance:

- Russell managed assets are in compliance with all investment guidelines and restrictions. Please note that the private equity allocation has not yet been initiated due to legacy allocation to this asset class already existing within total Endowment.

### C. Risk/Return Characteristics – Russell Portfolio:

- The Russell Policy Benchmark has a 5.6% expected real (inflation-adjusted) compound return over the long term (i.e. 10+ years), however potential outcomes over shorter time frames will be more volatile and have the possibility of being negative. This is particularly true given current market valuations (which have moved back to expensive) and coupled with weaker fundamental characteristics,
- Although the Russell Policy Benchmark may experience meaningful short-term declines during market stress events, it is well diversified and has long term risk characteristics that should allow the Endowment to maintain the existing corpus in real terms while supporting future spending at the currently targeted level.

\* Dynamic benchmark: sum contribution of monthly benchmark returns, dynamically weighted by the component benchmarks' associated funds' monthly average balance over the aggregate monthly average balance. Custom Benchmark currently consists of: Multi-Asset Core Plus Composite Benchmark, LIBOR + 4% (1 mo lag), NFI-ODCE-EQ Net, Bloomberg Barclays Aggregate, Bloomberg Barclays 1-3 Month T-Bill.

# Nevada System of Higher Education

## Fourth Quarter 2020

### RETURN HISTORY

	4Q20	FYTD	Annualized			
			1 Year	3 Years	5 Years	Since Inception*
Total Assets - Net	10.6	14.9	5.5	4.4	--	6.7
Daily Dynamic Benchmark	9.7	15.3	9.6	7.3	--	9.1
Strategic Allocation Benchmark	9.6	15.2	9.8	7.5	--	9.2
U.S. Consumer Price Index	0.6	1.8	1.3	1.8	--	1.9
MSCI All Country World Index - Net	14.7	24.0	16.3	10.1	--	13.4
Barclays U.S. Aggregate Bond Index	0.7	1.3	7.5	5.3	--	4.9

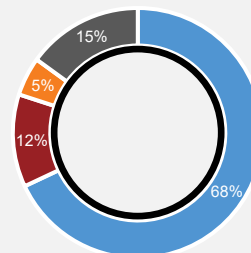
### ROLLING TOTAL RETURN - Net



### MARKET VALUE RECONCILIATION

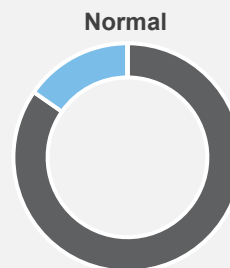
	4Q 2020	FYTD
Beginning Market Value	105,874,308	101,929,775
Inflows	309,651	311,337
Outflows	-1,414,270	-1,592,582
<b>Net Market Gain/Loss</b>	<b>11,232,076</b>	<b>15,353,235</b>
<b>Ending Market Value</b>	<b>116,001,766</b>	<b>116,001,766</b>

### STRATEGIC ASSET ALLOCATION



	SAA	Actual
Growth	68%	71%
Diversifiers	12%	11%
Real Assets	5%	5%
Fixed Income & Cash	15%	13%

### LIQUIDITY PROFILE - Market Environment



- Daily
- Quarterly
- <2 yrs
- 2-5 yrs
- Illiquid

\*Based on an inception date of 1/1/2017.

Normal Market Environment liquidity profile - based on Russell Capital Markets Forecasts. Forecasting represents predictions of market prices and/or volume patterns utilizing varying analytical data. It is not representative of a projection of the stock market, or of any specific investment.

Stressed market environment liquidity profile represents asset allocation shown applied to historical observations of asset class behavior in 2008/2009 market environment when some investments became less liquid than expected.

Source: Mellon Analytical Solutions LLC and Russell Investment Research. Indexes are unmanaged and cannot be invested in directly.

Past performance is not indicative of future results.

# Nevada System of Higher Education Performance

## As of December 31, 2020

Investment	Market Value	4Q20	FYTD	1 Year	Annualized			Inception Date
					3 Years	5 Years	Since Inception	
Total Assets - Net	116,001,766	10.56	14.87	5.45	4.43	--	6.73	1/1/2017
<i>Daily Dynamic Benchmark</i> <sup>1</sup>		9.66	15.26	9.57	7.32	--	9.08	
<i>Strategic Allocation Benchmark</i> <sup>2</sup>		9.62	15.24	9.75	7.47	--	9.15	

Investment	Market Value	4Q20	FYTD	1 Year	Annualized			Inception Date
					3 Years	5 Years	Since Inception	
Growth - Net	81,958,673	14.50	19.67	5.07	4.54	--	7.58	1/1/2017
<i>Custom Benchmark</i> <sup>3</sup>		13.64	21.15	11.24	8.23	--	10.74	
Diversifiers - Net <sup>4</sup>	13,217,370	2.09	7.21	4.10	1.22	--	1.96	3/1/2017
<i>Custom Benchmark</i> <sup>5</sup>		1.96	6.52	5.49	4.09	--	4.72	
Real Assets - Net <sup>6</sup>	5,793,256	0.89	1.06	-0.10	3.96	--	4.46	4/1/2017
<i>NFI-ODCE-Net</i>		1.10	1.37	0.34	4.19	--	4.74	
Fixed Income & Cash	15,032,465	2.12	3.53	5.94	4.75	--	4.18	1/1/2017
<i>Custom Benchmark</i> <sup>7</sup>		0.46	0.84	5.07	4.09	--	3.81	

Performance is net of fee. Past performance is not indicative of future results.

<sup>1</sup>Sum contribution of daily benchmark returns, dynamically weighted by the component primary benchmarks' associated funds' daily beginning market value over the aggregate beginning market value.

<sup>2</sup>Currently consists of: 68.0% Multi-Asset Core Plus Composite Bmk, 12.0% LIBOR + 4%, 5.0% NCREIF Open-End E&F, 10.0% Bloomberg Barclays Aggregate, 5.0% Bloomberg Barclays 3 Month LIBOR.

<sup>3</sup>Currently consists of: 100.0% Multi-Asset Core Plus Composite Bmk. It currently consists of: 75.0% MSCI ACWI IMI 50% USD Hedged Net, 5.0% Bloomberg Commodity Index, 5.0% FTSE EPRA/NAREIT Dev Real Estate Net, 5.0% S&P Global Infrastructure Index Net, 5.0% ICE BofAML Developed Markets High Yield Constrained Index USD Hdg, 5.0% JP Morgan EMBI Global Diversified Index.

<sup>4</sup>True inception date is 02/01/17. Market values and returns are reported one month in arrears.

<sup>5</sup>Currently consists of: 30% MSCI ACWI (one month arrears), 70% Bloomberg Barclays 1-3 Month T-Bill (one month arrears).

<sup>6</sup>Real Estate Equity Fund is valued quarterly.

<sup>7</sup>Sum contribution of daily benchmark returns, dynamically weighted by the component primary benchmarks' associated funds' daily beginning market value over the aggregate beginning market value.

# Appendix

# Russell Investments Fund Review



# Nevada System of Higher Education

## Manager Line-up as of December 31, 2020

ASSET CLASS					
Multi-Asset	Alternative		Fixed Income		Private Real Estate
RUSSELL (RIIFL) FUNDS					
RIIFL Multi-Asset Core Plus Fund	Russell Investments Managed Hedge Funds		RIIFL Core Bond Fund	RIIFL Unconstrained Bond Fund	Real Estate Equity Fund
MANAGERS/STRATEGIES					ADVISORS/STRATEGIES
75% Global Equity	AKO Global	Gresham Quant	Colchester Global Investors Limited Alpha Overlay	Hermes Investment Management Limited	INVESCO Core Real Estate USA Core
15% Marketable Real Assets	Autonomy Global Macro Fund	Highbridge 1992 Tactical Credit Fund	MetLife Investment Management, LLC Fully Discretionary	Putnam Advisory Company, LLC	Morgan Stanley Prime Property Fund Core
10% Global Fixed Income	BlackRock Emerging Frontiers Fund	NB Insurance-Linked Strategies	Scout Investments, Inc. Fully Discretionary	First Eagle Alternative Credit, LLC	MetLife Commercial Mortgage Income Fund, LP Core
	CapeView Azri 2X Fund	PIMCO Commodity Alpha	Western Asset Management Company Fully Discretionary	Russell Investments positioning strategies*	RREEF America REIT II
	CVI Emerging Markets Credit Value Fd Ltd	PIMCO Tactical Opportunities Offshore	Schroder Investment Management North America Inc. Sector Specialist		
	Ellington	Two Sigma Absolute Return	Western Asset Management Company - Bank Loan Sector Specialist		
	Engle Capital	York Asian Opportunities Unit Trust	Russell Investments positioning strategies*		
	GCA Enhanced				

Managers listed are current as of December 31, 2020. Russell Investments has the right to engage or terminate a manager at any time and without notice.\*Russell Investments positioning strategies are customized exposures directly managed by Russell Investments for use within the total portfolio and may include overlays, index replication, smart beta strategies, and custom quantitative strategies.



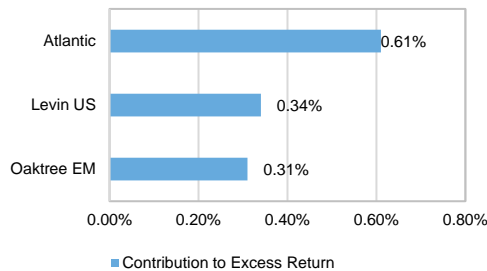
# RIIFL Multi-Asset Core Plus Fund – period ending December 31, 2020

## Strategy

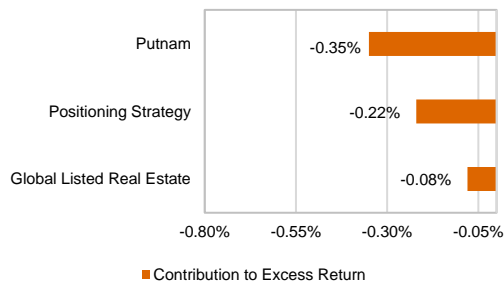
The Multi-Asset Core Plus Fund has a strategic allocation of 75% global equity, 15% real assets (global REITs, listed infrastructure, and commodities), and 10% diversifying fixed income. The Fund is dynamic in nature and so the portfolio manager is allowed to deviate up to +/- 10% from the strategic targets to take advantage of market opportunities to enhance return and/or to manage risk and is allowed to invest in out-of-benchmark asset classes. The Fund utilizes a combination of Russell Investments' asset class funds, separate manager accounts, and positioning strategies.<sup>3</sup>

## Excess Return Attribution 4Q 2020<sup>5</sup>

Top three contributors to excess return



Top three detractors from excess return



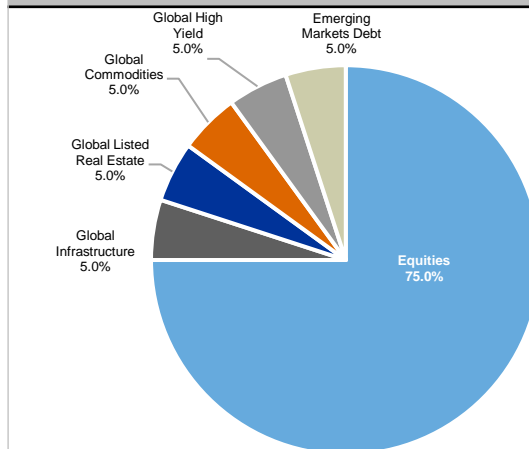
Performance	4Q2020	Year to Date	Annualized			
			One Year	Three Years	Five Years	Inception to date <sup>1</sup>
RIIFL Multi-Asset Core Plus Fund	14.70%	5.80%	5.80%	5.27%	9.06%	8.10%
Multi-Asset Core Plus Composite Index <sup>2</sup>	13.64	11.24	11.24	8.23	10.44	8.72

<sup>1</sup>Fund inception date is 02/28/2013.

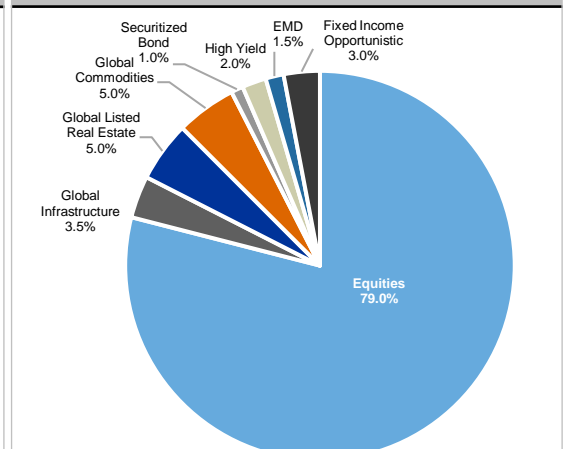
<sup>2</sup>The Multi-Asset Core Plus Composite Index is currently comprised of 75% MSCI ACWI IMI 50% Hedged Index Net (USD) / 5% Bloomberg Commodity Index / 5% FTSE EPRA Nareit Developed Real Estate Index Net / 5% S&P Global Infrastructure Index (Net) / 5% ICE BofA Developed Markets High Yield Constrained Bond Index USD Hedged\* / 5% JP Morgan EMBI Global Diversified Index. \* The ICE BofAML Indices were re-branded as the ICE BofA Indices effective January 1, 2020.

Characteristics	4Q 2020		3Q 2020	
<b>Total Net Assets</b>	\$7.56B		\$6.29B	
<b>Global Equity<sup>5</sup></b>	<b>Fund</b>	<b>Benchmark<sup>6</sup></b>	<b>Fund</b>	<b>Benchmark<sup>6</sup></b>
Portfolio P/E	18.3	24.0	17.7	21.6
Portfolio P/E – I/B/E/S 1 yr. Forecast EPS	17.8	22.0	15.7	20.8
\$ Weighted Average Market Capitalization	\$97.98B	\$242.50B	\$101.04B	\$231.91B
<b>Return Seeking Fixed Income<sup>8</sup></b>	<b>Fund</b>	<b>Benchmark<sup>7</sup></b>	<b>Fund</b>	<b>Benchmark<sup>7</sup></b>
Current Yield (%)	5.0	4.0	11.1	5.2
Weighted Average Duration	13.4	5.8	8.3	5.9
Average Credit Quality	CCC	BB	B	BB

## Strategic Asset Allocation<sup>4</sup>



## Actual Asset Allocation as of 12/31/2020



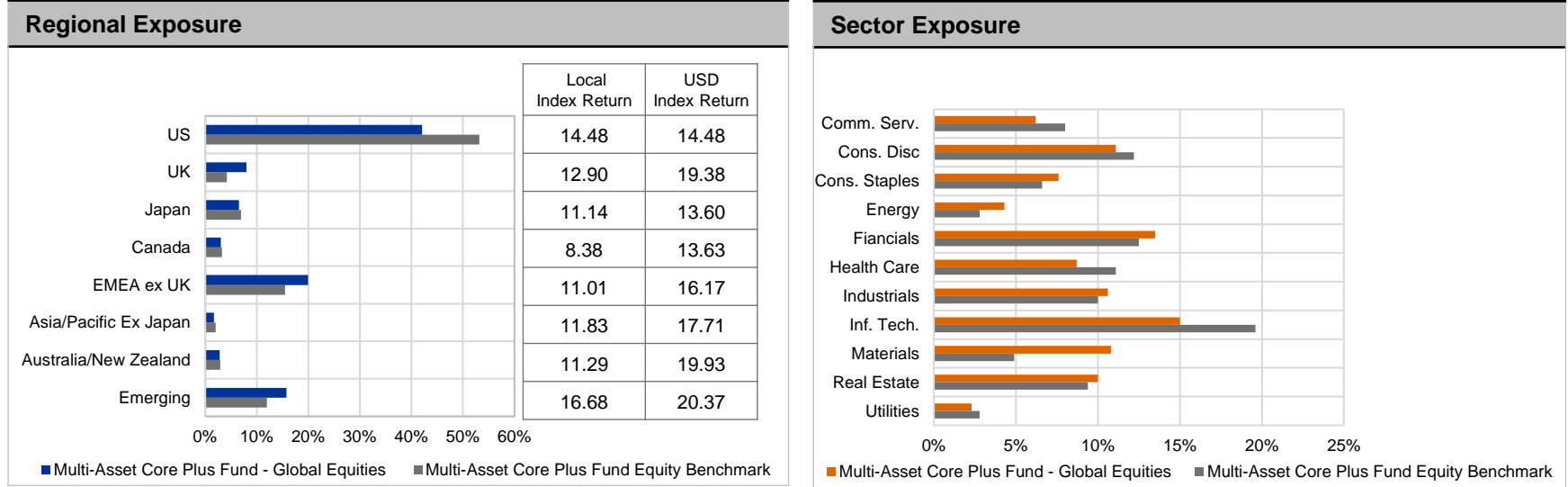
<sup>3</sup>Positioning strategies - customized exposures directly managed by Russell Investments for use within the total portfolio to effect the funds' investment strategies and/or to modify overall portfolio characteristics to seek to achieve the desired risk/return profile.

<sup>4</sup>Strategic allocations may vary based on tactical allocations made by the portfolio manager, which may allow the weightings of each asset class to take advantage of potential opportunities as market and economic conditions change;

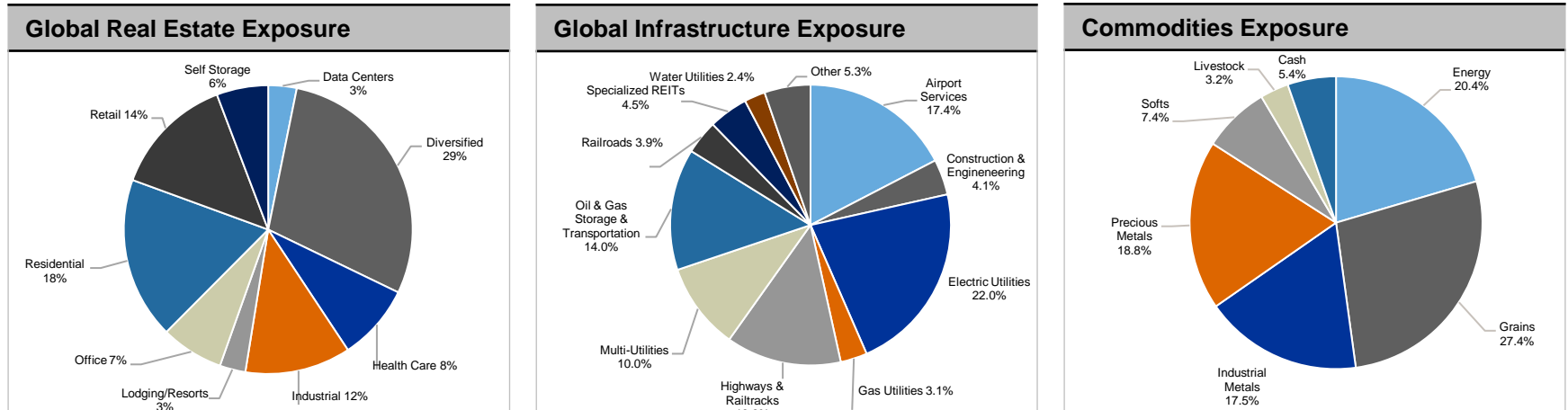
<sup>5</sup>Source: FactSet; <sup>6</sup>Multi-Asset Core Plus Fund Equity Benchmark is 90% MSCI ACWI IMI Index Net / 5% FTSE EPRA Nareit Developed Real Estate Index Net / 5% S&P Global Infrastructure Index (Net). Effective 1/1/18, the MSCI ACWI IMI Index Net replaced the Russell Global Index; <sup>7</sup>50% ICE BofA Global High Yield 2% Constrained Index TR USDH\*, 50% JP Morgan Emerging Market Bond Index Global (USD). <sup>8</sup>Source: Russell Investments

# RIIFL Multi-Asset Core Plus Fund – period ending December 31, 2020

## Global Equities<sup>5</sup>



## Real Assets<sup>5</sup>



The Multi-Asset Core Plus Fund is a dynamic, diversified portfolio designed to capture market opportunities. The underlying allocations to various asset classes will shift over time, but the overall strategic allocation will remain 75% global equity/15% marketable real assets/10% U.S. fixed income. The Multi-Asset Core Plus Fund invests in underlying funds/strategies/separate accounts. Prior allocations available upon request. Multi-Asset Core Plus Fund is an investment fund of the Russell Investments Institutional Funds, LLC; it is a private placement. It is not a fund of Russell Investment Company, nor a mutual fund registered under the Investment Company Act of 1940. Nothing contained in this material is intended to constitute legal, tax, securities or investment advice, nor an opinion regarding the appropriateness of any investment. The general information contained in this publication should not be acted upon without obtaining specific legal, tax and investment advice from a licensed professional.

<sup>5</sup>Source: FactSet and Russell Investments. Equity regional and sector exposures include REITs and infrastructure. Multi-Asset Core Plus Fund Equity Benchmark is 90% MSCI ACWI IMI Index Net / 5% FTSE EPRA/NAREIT Developed Real Estate Index Net / 5% S&P Global Infrastructure Index (Net).

# RIIFL Multi-Asset Core Plus Fund

## Fund positioning – Fourth Quarter 2020

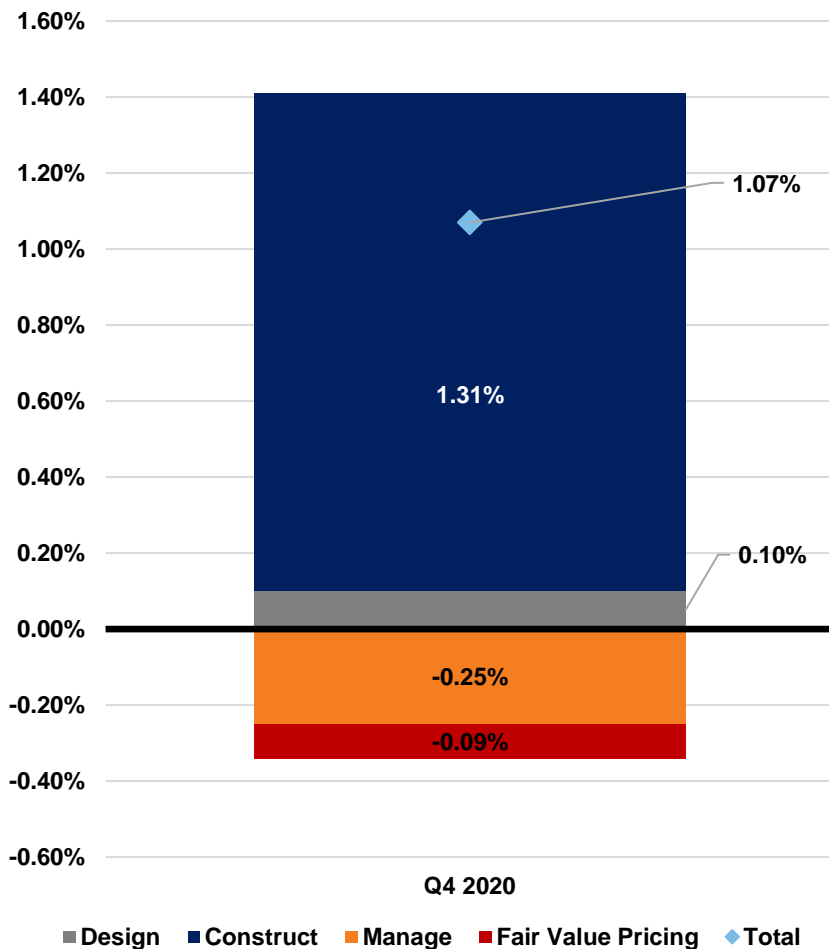
Performance impact	Description
++	Significantly positive
+	Positive
-	Negative
--	Significantly negative

Design	Justification	Quarterly Impact	Portfolio Manager Action
Currency Factor Strategies	Diversify excess return sources and add return sources not driven by pure beta.	flat	Maintained position .
Rates Value	Take long positions in high quality government bonds whose yields relatively high with short interest rate risk where real yield is expected to be relatively low.	+	Maintained position .
Overweight volatility	Off-benchmark positioning with respect to rates volatility – acts as a rewarding uncorrelated hedge to equity market volatility.	-	Maintained position.
Overweight CMBX, underweight high yield	Attractive spreads in securitized relative to credit.	+	Maintained position.
Construct	Justification	Quarterly Impact	Portfolio Manager Action
Active manager stock selection as main driver of excess returns	Idiosyncratic in nature; Russell Investments has differentiated research and managers with skill.	++	Maintained position.
Manage	Justification	Quarterly Impact	Portfolio Manager Action
Underweight US equity; overweight Europe/EM	US valuations are extended; Europe better positioned with respect to current cycle and valuation relative to the U.S.	-	Maintain non-U.S. bias based on relative valuation.
Overweight beta risk	Economic cycle positioned as an early recovery phase driven by vast amounts of fiscal stimulus and accommodative monetary policy.	+	Maintain a risk-on position with equity overweights increased prior to November elections on 7% market correction.
Underweight high yield credit, overweight equity risk	Relatively more attractive skew in equity risk compared to credit risk given current spread levels.	+	Risk-neutral move to underweight high yield risk and overweight equity risk following increased credit spread tightening.
Overweight UK and GBP	Attractive valuation relative to their historical levels.	-	Maintained position.
Preferences towards value managers relative to growth, defensive.	Relatively more attractive opportunities in value compared to historically high valuations in growth and defensive names.	+	Maintained position.
Underweight USD	USD expensive relative to developed international currencies.	+	Maintained position.
Overweight volatility, duration	Portfolio hedges including off-benchmark positioning with respect to rates volatility and an overweight duration stance.	-	Maintained position despite volatility levels falling over the quarter. This remains a good counterbalance to equity overweights.

Past performance is not indicative of future results. Any stock level commentary is specific to the impact on fund performance only and is not a recommendation to purchase or sell any specific security. Managers listed are current as of 12/31/2020. Russell Investments has the right to engage or terminate an advisor at any time and without notice. The investment strategies are the goals of the individual managers; there is no assurance the exact objective will always be met. This is a fund of the Russell Investments Institutional Funds, LLC; it is a private placement. This is not a mutual fund.

# RIIFL Multi-Asset Core Plus Fund

## Quarter excess return attribution as of December 31, 2020



**Design: contributed 10 bps for the quarter.**

- > Currency factor strategies (value and carry) were a net additive (2 bps) while Rates Value detracted 7 bps.
- > Preferences for EMD local over hard currency, as well as strategic preferences for CMBX over high yield was additive.

**Construct: active managers added 131 bps.**

- > Cyclical segments of the equity market led broad indices higher, led by strong outperformance by small cap and other economically-sensitive styles, such as global value outperforming growth by 3.10%. Value-oriented managers contributed the most to excess returns, however growth managers continued to outperform as well.
- > Atlantic, Levin, and Kopernik were standout contributors over the quarter, as the value-oriented managers outperformed their style indices by 8%, 3.5%, and 2.4%, respectively.
- > Growth managers continued their strong performance as well, with European growth manager Berenberg, as well as large cap domestic growth manager RiverPark, both outperforming their style indices by 10.5% and 8.1%, respectively.

**Manage: tactical asset allocation was detractive, detracting 25 bps.**

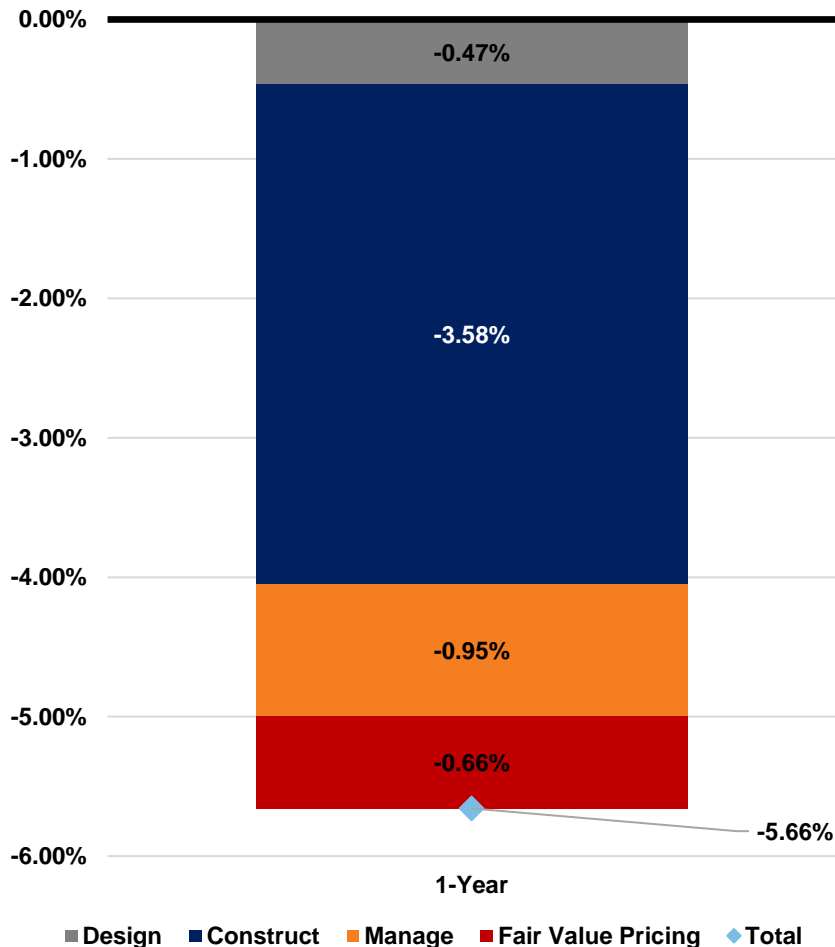
- > A shift to a tactical overweight to equity risk prior to the election was beneficial in the risk-on environment of the quarter, adding 19 bps.
- > Regional preferences were a net detractor: while a U.S. underweight and an EM overweight were both additive, these were both more than offset by an overweight to Europe ex-U.K. and U.K. equities, who both relatively underperformed.
- > Defensive levers of the portfolio, including an overweight to Putnam Long Volatility, as well as long duration positioning in the 30y collectively detracted 29 bps in the risk-on quarter.

**Fair Value Pricing: detractive, costing 9 bps.**

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# RIIFL Multi-Asset Core Plus Fund

## 1 year excess return attribution as of December 31, 2020



### Design: detracted 47 bps.

- > Rates Value (32 bps), and overweight loans at the expense of high yield (35 bps) were additive, however more than offset by strategic preferences for CMBX (-121 bps).

### Construct: active managers detracted 358 bps.

- > Key trends in growth outperformance vs. value continued which drove the negative excess returns in Perkins, Atlantic, and Levin, the three strategies in the global value camp, which combined to cause -2.99% of shortfall.
- > Levin was the key detractor, lagging the index by nearly 20% and contributing --120 bps of excess to the fund.
- > Defensive managers were costly as well, failing to provide key downside protection in the face of volatility experienced in the first quarter of the year. The resulting underperformance costed the Fund -225 bps over the year.
- > Growth managers have performed well, however, with domestic growth manager Riverpark, and European growth manager Berenberg contributing 292 bps to excess returns combined.

### Manage: tactical asset allocation detracted 95 bps.

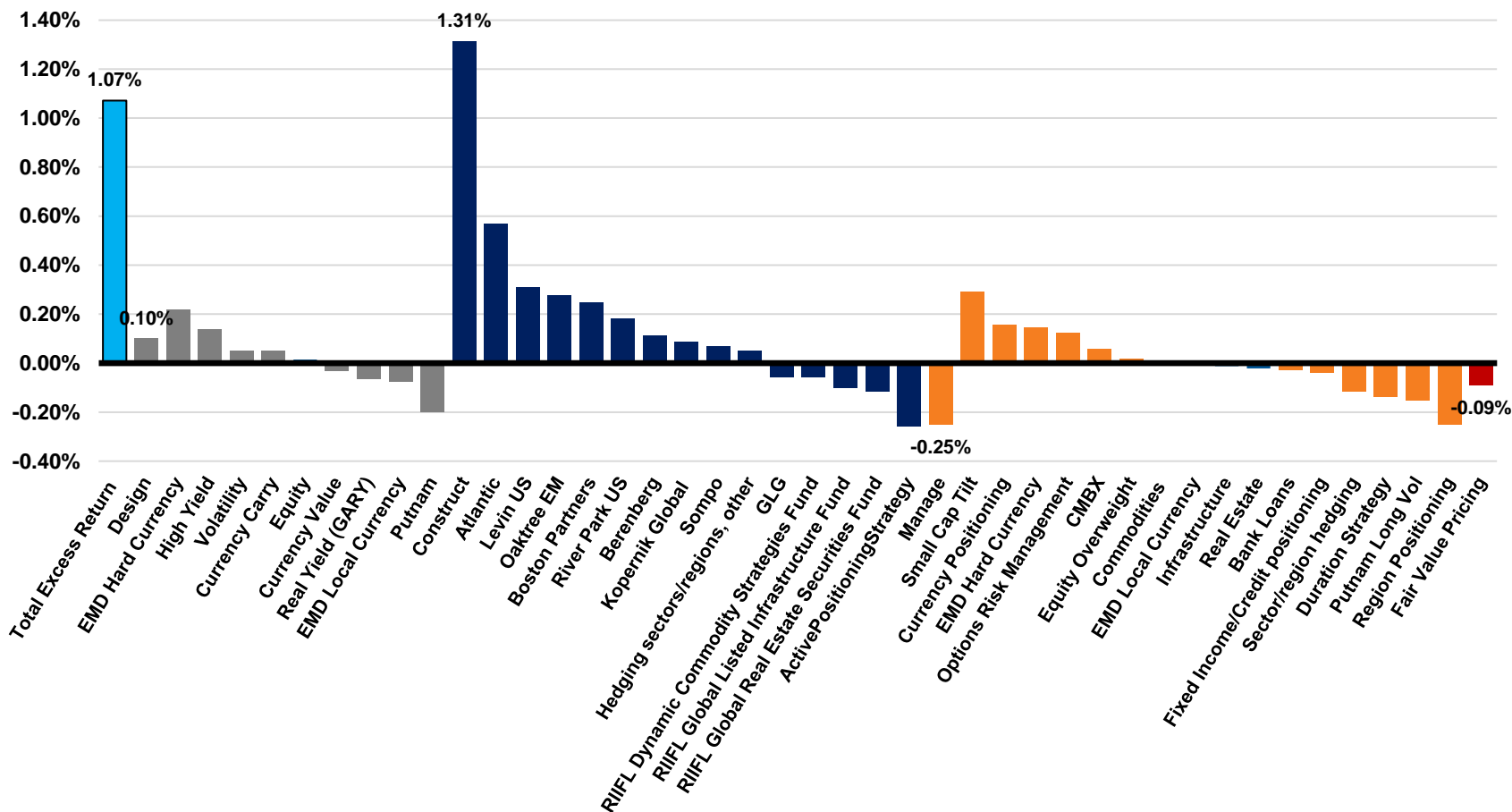
- > Regional tilts were the largest detractor over the period, with preferences for developed international equities at the expense of domestic stocks costing -176 bps.
- > Risk management strategies including Putnam Long Vol was a standout contributor, adding 105 bps, as was optionality (+32 bps) and tactical duration positioning, contributing 41 bps.
- > Currency positioning was fruitful as well, with an underweight to the USD in favor of developed currency peers adding 36 bps.

### Fair Value Pricing: detractive, costing 66 bps.

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# RIIFL Multi-Asset Core Plus Fund

## Excess return\* attribution for 4Q 2020



\*Excess return is relative to the Fund's composite benchmark.

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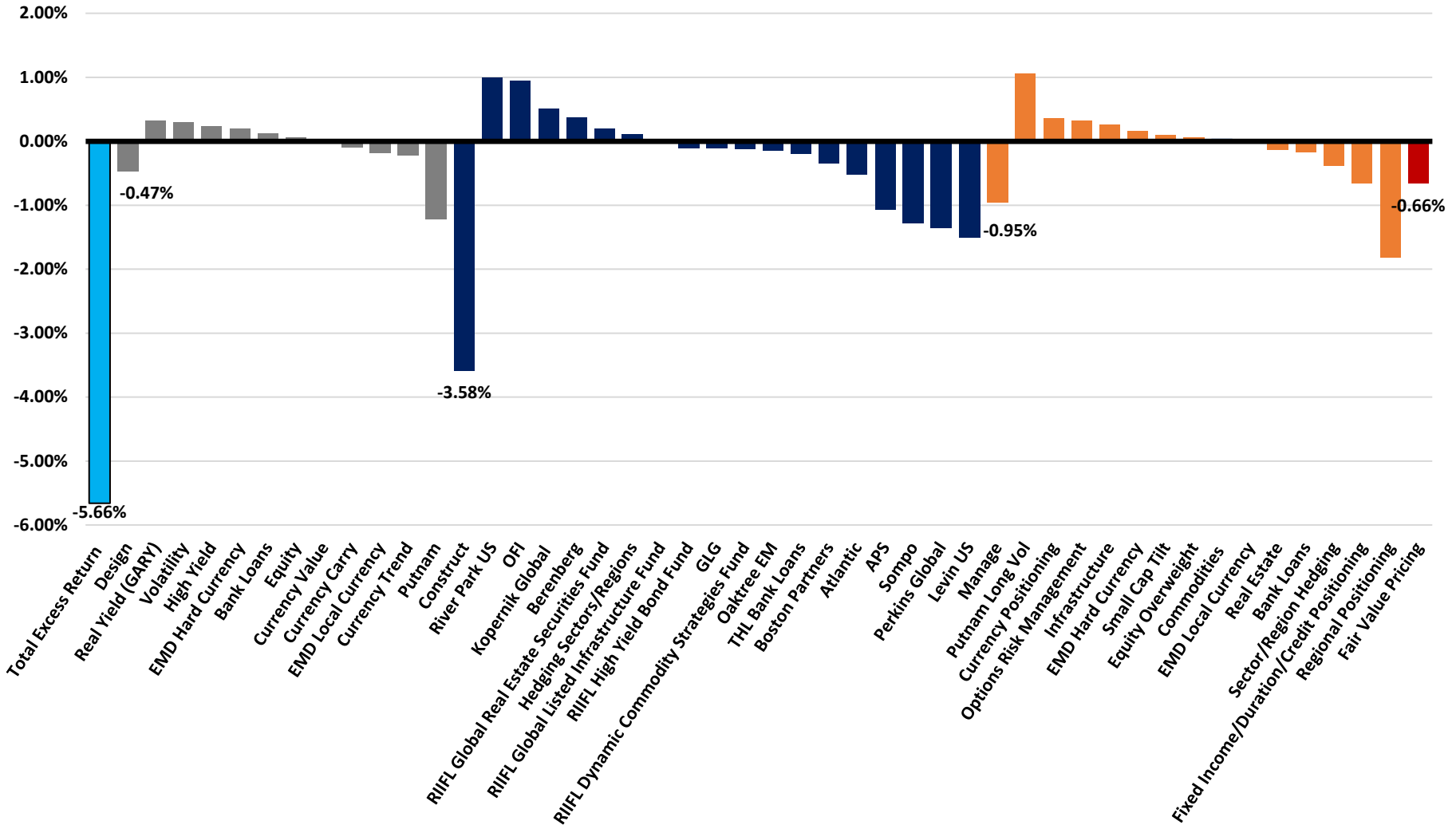
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# Multi-Asset Core Plus Fund

1-year return attribution as of December 31, 2020



# RIIFL Multi-Asset Core Plus Fund

Strategic asset allocation and manager lineup as of December 31, 2020

## RIIFL MULTI-ASSET CORE PLUS FUND

ASSET CATEGORY												
Global Equity 75.0%					Real Assets 15.0%			Return Seeking Fixed Income 10.0%			Risk Premia Strategies 0.0%	
ASSET CLASS												
Global Equities	Regional All Cap	Regional Small Cap	Emerging Markets	Japanese Equity	Global Real Estate	Global Infrastructure	Global Commodities	Securitized	Emerging Markets Debt	Fixed Income Opportunistic	Currency	Global Adjusted Real Yield
30.0%	23.5%	6.5%	8.0%	7.0%	5.0%	5.0%	5.0%	5.0%	2.0%	3.0%	0.0%	0.0%
MANAGERS/STRATEGIES												
Kopernik	Levin-Easterly (US Equities)	Boston Partners	Oaktree	Sompo	RIIFL Global Real Estate Securities Fund	RIIFL Global Listed Infrastructure Fund	RIIFL Dynamic Commodity Strategies Fund	Putnam	GLG	Putnam	RIM Currency Factor Strategy	RIM Real Yield Factor Strategy
6.0%	6.0%	6.5%	8.0%	7.0%	5.0%	5.0%	5.0%	5.0%	2.0%	3.0%	0.0%	0.0%
Atlantic	RiverPark (US Equities)				Cohen & Steers	Cohen & Steers	PIMCO					Carry
5.0%	7.5%				RREEF	First Sentier	Mount Lucas Management Corporation					Value
RIM Positioning Strategies	Berenberg				RIM Positioning Strategy	Nuveen	RIM Positioning Strategy - Backwardation					Trend
19.0%	10.0%					RIM Positioning Strategy						

Allocations and Managers/Funds/Strategies are as of December 31, 2020. Current data may be different. Russell Investments has the right to engage or terminate a manager at any time and without notice.

Multi-Asset Core Plus Fund is a dynamic, diversified portfolio designed to capture market opportunities. The underlying allocations to various asset classes will shift over time, but the overall strategic allocation will remain 75% global equity/15% marketable real assets/10% diversifying fixed income.

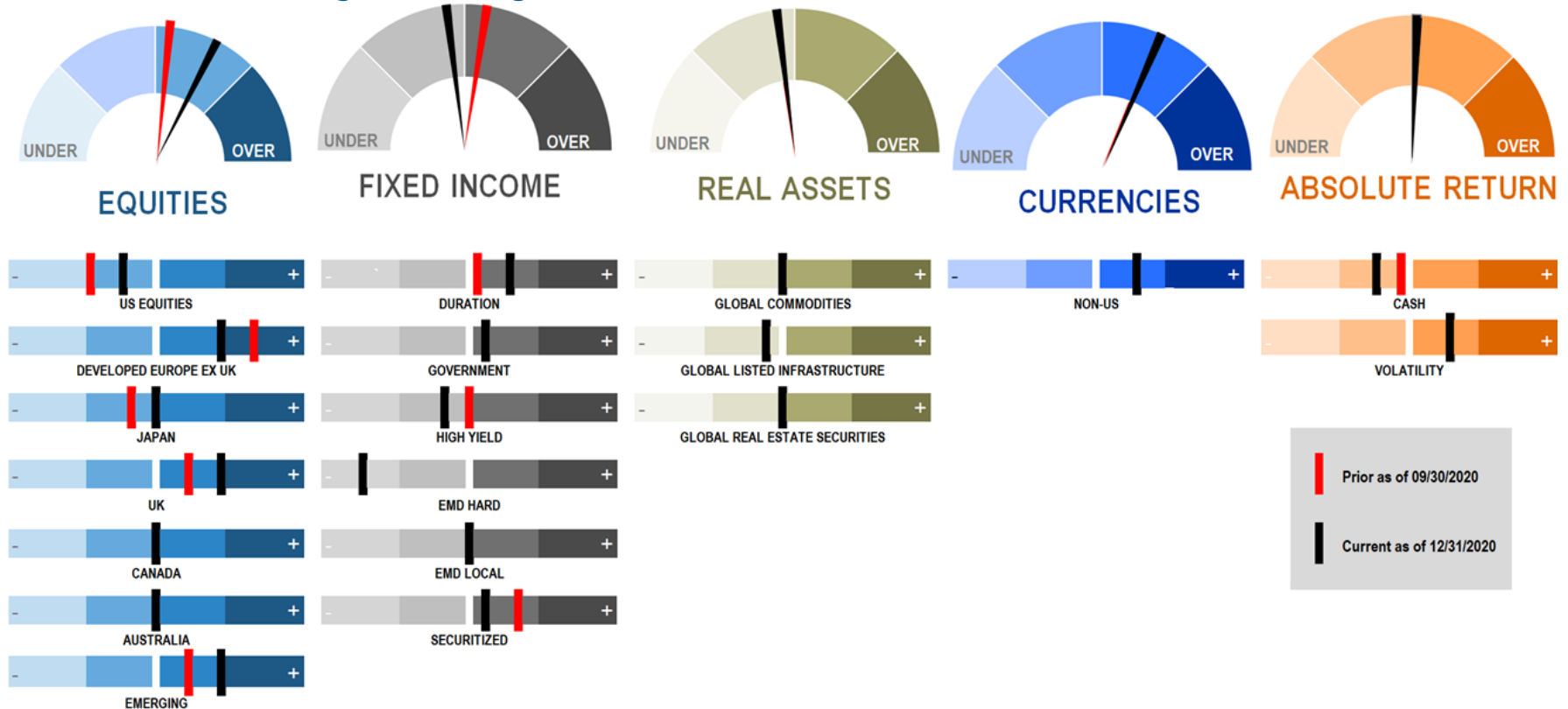
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# RIIFL Multi-Asset Core Plus Fund

Positioning entering 1Q 2021



- > **Moderately risk-on:** Portfolio risk driven by 4% equity overweight, underlying biases towards value and cyclicals, and regional preferences.
- > **Underweight U.S., overweight Non-U.S.:** Increased U.K. equity exposure based on valuations and a 'good-deal' Brexit, increased emerging markets overweight due to beneficial cyclical exposure with low value correlations, and maintained European ex-U.K. overweights and domestic equity underweights.
- > **Underweight credit:** Trimmed credit risk via reduction in high yield exposure following continued spread tightening and relatively unattractive skew when compared to equity risk.
- > **Overweight duration:** Maintained an overweight duration exposure with preferences for 30y treasuries as a ballast to portfolio risk drivers.

Multi-Asset Core Plus Fund is a dynamic, diversified portfolio designed to capture market opportunities. The underlying allocations to various asset classes will shift over time, but the overall strategic allocation will remain 75% global equity/15% marketable real assets/10% diversifying fixed income.

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# RIIFL Multi-Asset Core Plus Fund

## Developments and outlook

### Fund Activity

- > Increased equity allocation in October heading into the U.S. Presidential election, holding 4.5% equity overweights and a moderate risk-on stance, with risk overweights partially mitigated by trims to high yield credit, securitized, and adding 0.2y duration moving the Fund to a 0.3y long duration stance.
- > CMBX exposure was trimmed by 1.5% due poor forward-looking return expectations and risk-reward opportunities.
- > Following the election and the resulting risk-on market environment, 1% of equity risk was reduced, harvesting profits of the risk-on positioning in November, resulting in a Fund equity overweight of ~4%.

### Fund Outlook & Positioning

- > Beta increased from ~1.05 to ~1.10 throughout the quarter, with underlying preferences for non-U.S. and value-oriented equities being the primary drivers of risk.
- > The underweight U.S. equity position continues to be an overall underweight, funding an overweight to the UK and Europe ex-UK equities.
- > Underweight high yield risk given more attractive skew in equities.
- > Currently tilted to value and growth managers and away from defensive managers.
- > Tilted to cyclical-oriented companies with a mid- and small-cap bias.

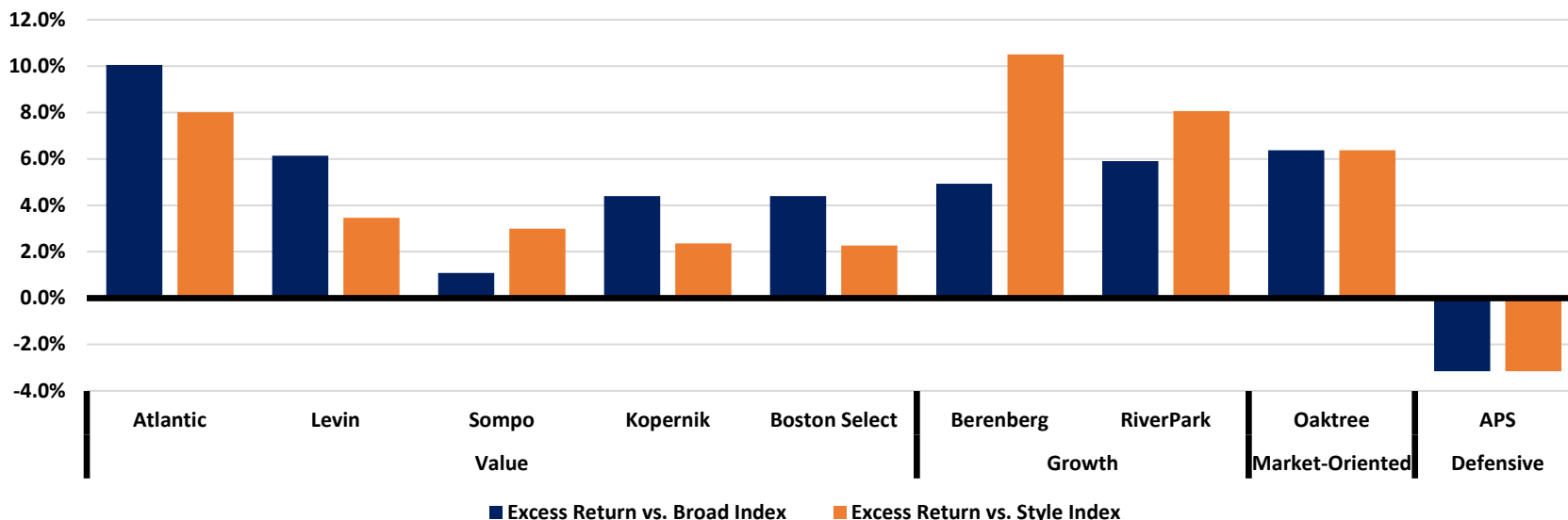
Source: Russell Investments. There is no guarantee that any stated expectations will occur. Managers listed are current as of 12/31/2020. Russell Investments has the right to engage or terminate a manager at any time and without notice. The investment strategies are the goals of the individual managers; there is no assurance the exact objective will always be met. This is a fund of the Russell Investments Institutional Funds, LLC; it is a private placement. This is not a mutual fund.

# Managers delivered strong performance

Construct: Positive excess returns by value and growth managers

- > **Atlantic:** global mid-cap value manager who outperformed the MSCI ACWI Value Index by 8.0%.
- > **Berenberg:** European growth manager who outperformed the MSCI European Growth Index by 10.5%.
- > **Levin:** domestic value manager who outperformed the Russell 3000 Value Index by 3.5%.
- > **Sompo:** Japanese value manager who, despite outperforming the most recent quarter, struggles to deliver returns of magnitude compared to other global value managers. The main driver of this performance speaks to the lack of value rotation seen in the Japanese markets: the MSCI Japan Index returned 15.3% over the quarter, compared to the MSCI Japan Value Index, which only returned 13.4% - a 1.9% lag vs. broad market.
- > **RiverPark:** domestic large cap growth manager who outperformed the Russell 1000 Growth Index by 8.1%.

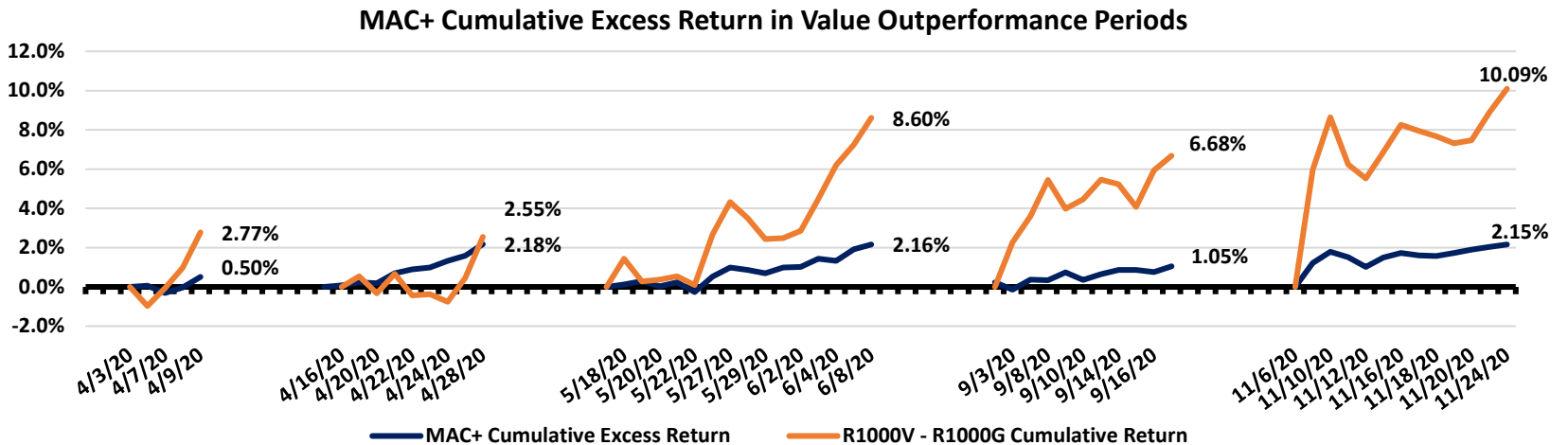
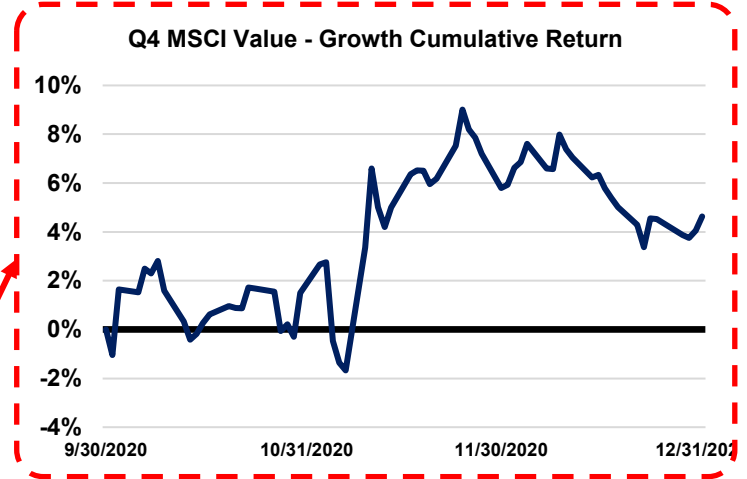
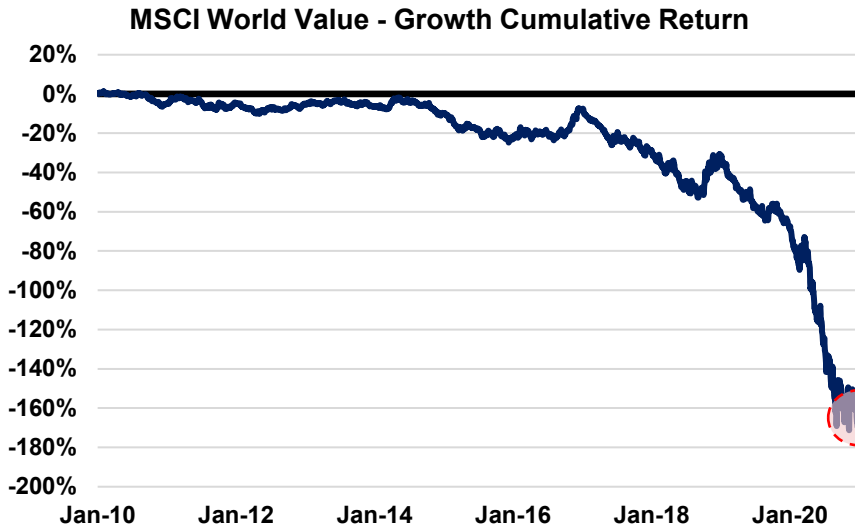
4Q Manager Excess Returns



Past performance is not indicative of future results.

# Multi-Asset Core Plus Fund

Value opportunity remains large despite recent outperformance



Past performance is not indicative of future results.

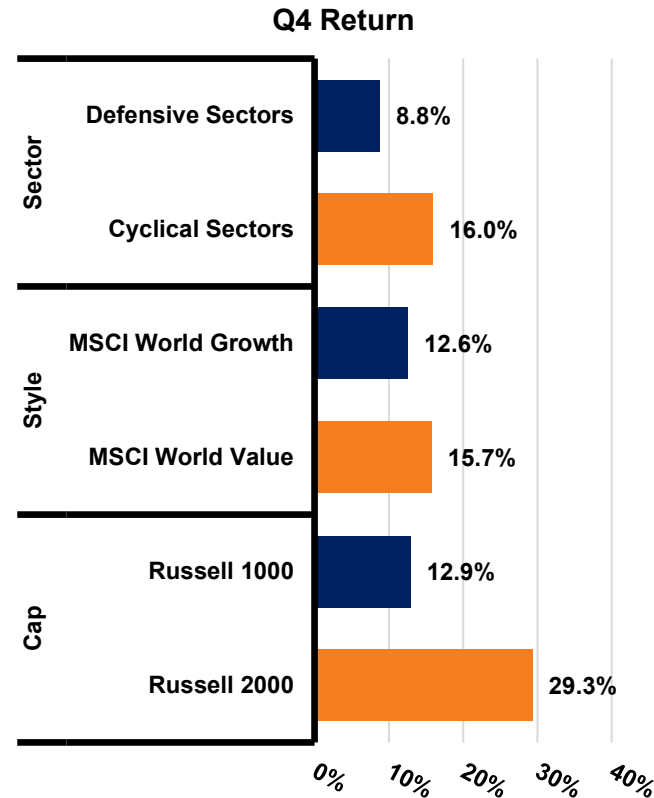
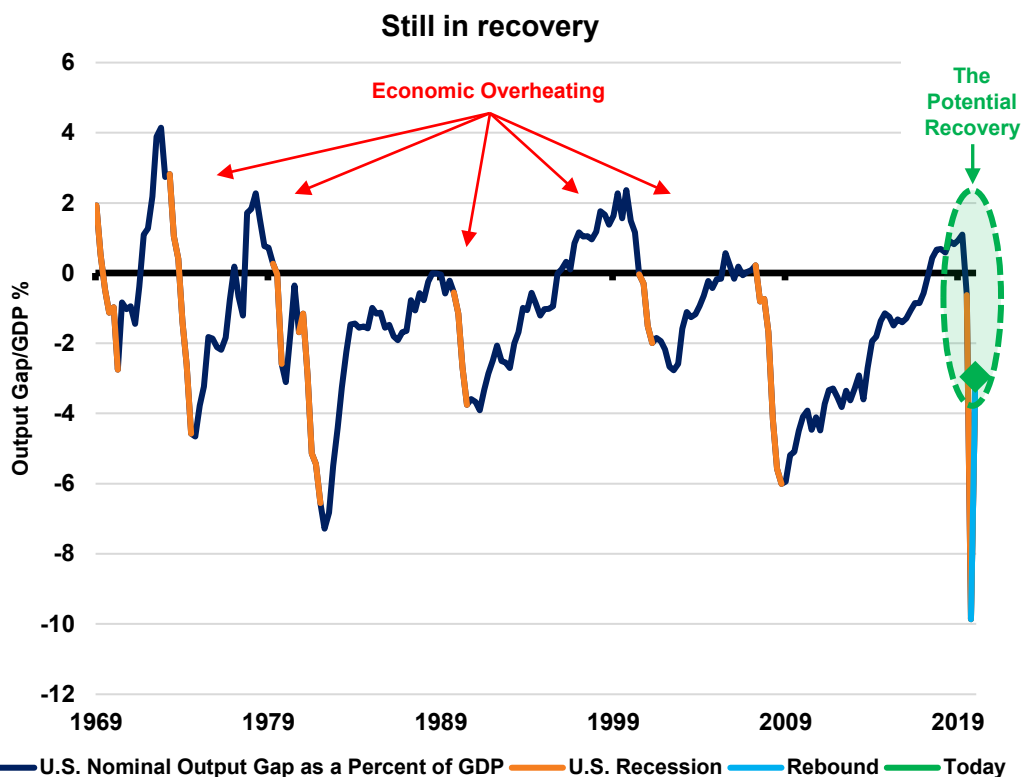
# Positioned for a recovery

Portfolio cyclical exposure is positioned for an economic recovery

- > As the economy transitions from pandemic and shut-down to reopening and normalcy, we believe that vast fiscal and monetary stimulus will favor cyclical names that are priced at attractive valuations, including small cap, value, and non-U.S.

The recovery has just started...

...and cyclicals have begun to benefit



Past performance is not indicative of future results.

# RIIFL Core Bond Fund – period ending December 31, 2020

## Objective

Seeks moderate total return, consistent with the preservation of capital. The Fund's benchmark index is the Barclays U.S. Aggregate Bond Index.

## Quality distribution<sup>1,\*</sup>

	Fund %	Index %
AAA	41.4	68.7
AA	1.9	4.2
A	9.1	10.8
BBB	36.0	15.6
BB	6.6	0.6
B	2.1	0.0
CCC & Below	0.2	0.0
Unrated	2.8	0.0

## Maturity distribution<sup>1</sup>

	Fund (%)	Index (%)
0 to 3 Years	36.0	23.3
3 to 5 Years	24.4	31.2
5 to 7 Years	12.0	14.7
7 to 10 Years	9.0	10.4
10 to 15 Years	3.5	1.9
15 to 20 Years	4.0	4.0
20 to 25 Years	3.9	5.2
25+ Years	7.3	9.3

<sup>1</sup> Source: Russell Investments

Credit quality exposures and/or maturity distributions may not equal 100 percent as a result of the fund's use of certain financial instruments such as futures, forwards, options, swaps and when issued transactions or forward commitments. In the event short positions are created, they may be reflected as negative weightings in sector allocations, credit quality exposures and/or maturity distributions.

Performance	Annualized					
	4Q2020	Year to date	One year	Three years	Five years	Inception to date <sup>1</sup>
RIIFL Core Bond Fund	1.95%	9.75%	9.75%	6.32%	5.29%	5.62%
Bloomberg Barclays US Aggregate Bond Index	0.67	7.51	7.51	5.34	4.44	4.40

<sup>1</sup> Inception 07/01/08. The date shown represents the date the index comparison began and may not be the actual index inception date.

Characteristics <sup>1</sup>	4Q2020		3Q2020	
	Fund	Bloomberg Barclays US Aggregate Bond Index <sup>2</sup>	Fund	Bloomberg Barclays US Aggregate Bond Index <sup>2</sup>
Total Net Assets	\$2.82B	\$25.13T	\$2.64B	\$24.57T
Current Yield	1.9%	1.2%	2.0%	1.2%
Weighted Average Yield to Maturity	1.9%	1.1%	2.0%	1.2%
Weighted Average Life	9.2yrs	8.4yrs	9.0yrs	8.3yrs
Weighted Average Duration	6.4yrs	6.0Yrs	6.5yrs	5.9yrs
Average Qualit*	A	AA	A	AA

<sup>1</sup> Source: Russell Investments except for Total Net Assets beginning in Q3 2019. Source for prior periods was Factset.

<sup>2</sup> Source: Index Total Net Assets – Barclays Live

## Sector weightings(%)<sup>1,2,3</sup>

	Fund	Index
Developed Govt/Govt-Related	21.7	41.7
Investment Grade Credit	37.3	26.4
High Yield	5.3	0.5
Commercial Mortgage Backed	3.0	2.2
Residential Mortgage Backed	19.4	26.8
Asset Backed	5.1	0.3
Emerging Markets Debt	5.4	2.0
Derivatives and Cash & Equivalents	0.5	0.0
Uncategorized	2.3	0.0

<sup>1</sup> Sector Allocations may not equal 100 percent as a result of the fund's use of certain financial instruments such as futures, forwards, options, swaps and when issued transactions or forward commitments. In the event short positions are created, they may be reflected as negative weightings in sector allocations.

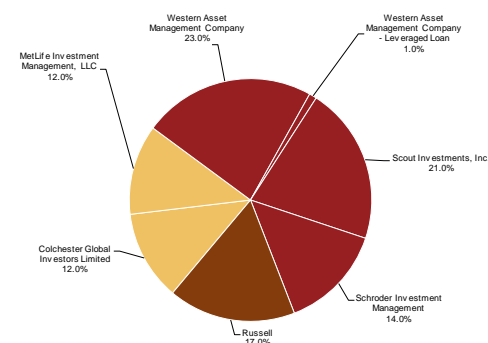
<sup>2</sup> The Other sector includes pooled investment vehicles, certain derivatives, stocks and other investments not falling within one of the other listed sectors.

<sup>3</sup> Source: Russell Investments

## Fund manager styles

Target weightings %	4Q2020	3Q2020
■ Fully Discretionary	57.0	57.0
■ Alpha Overlay	12.0	12.0
■ Russell strategies	17.0	17.0
■ Security Specialist	14.0	14.0

## Manager diversification



Managers listed are current as of December 31, 2020. Russell Investments has the right to engage or terminate a manager at any time and without notice.

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\*The sum of the debt instrument quality ratings is based upon the Barclays index methodology, which reflects the ratings of Moody's, Fitch and S&P in such a way that if three different ratings exist for the same instrument, the median rating is used; if two different ratings exist, the lower of the two is used and if only one rating exists, then that rating is used. If the debt instrument has not been rated by any of the three rating agencies, the security is classified as 'Unrated.'

Nothing contained in this material is intended to constitute legal, tax, securities or investment advice, nor an opinion regarding the appropriateness of any investment. The general information contained in this publication should not be acted upon without obtaining specific legal, tax and investment advice from a licensed professional.

# RIIFL Core Bond Fund

## Performance summary: Fourth Quarter 2020

### STRATEGIC BELIEFS

Security selection is a primary source of excess returns within the RIIFL Core Bond Fund, although we believe that emphasizing certain factors over the course of a market cycle can offer higher benchmark-relative returns. For our fixed income funds, this means we are more likely to include securities with more credit risk, longer duration, and higher real yield. In addition, we also invest in currency to provide additional return potential and added diversification.

### FUND POSITIONING ENTERING THE QUARTER

- > Duration: The Fund held a moderately long duration position.
- > Credit: The Fund was substantially overweight to corporate credit and higher spread sectors of securitized markets such as non-agency residential mortgage-backed securities (RMBS) and collateralized loan obligations (CLOs).
- > Rates: The Fund had long positions in the U.S. and Australian rates and a short position in German rates.
- > Currency: The Fund had long positions in the Canadian dollar (CAD) and British pound (GBP). It had a concentrated short position in the USD.

### DRIVERS OF PERFORMANCE

	4 <sup>th</sup> QTR	YTD	1 YR	ANNUALIZED			SINCE INCEPTION	INCEPTION DATE
				3 YR	5 YR	10 YR		
RIIFL Core Bond Fund	1.95%	9.75%	9.75%	6.32%	5.29%	4.57%	5.62%	7/1/2008
Bloomberg Barclays U.S. Aggregate Bond Index	0.67%	7.51%	7.51%	5.34%	4.44%	3.84%	4.40%	

### QUARTERLY REVIEW

DRIVERS	IMPACT	COMMENTARY
Credits	+	Credits continued to outperform, supported by high expectations for additional stimulus from the incoming Biden administration.
Currency	+	A strong rally across all quality sectors, especially BBB-rated credits contributed positively to performance.

### 12 MONTH REVIEW

DRIVERS	IMPACT	COMMENTARY
Duration	+	Accommodative dovish monetary policy throughout the year contributed positively to performance.
Credit	Flat	Investment grade and high yield markets experienced a V-shaped recovery over the one-year period.

Performance Key: + Positive impact; Flat fund and index within +/- 10 basis points; – Negative impact relative to the fund's benchmark  
 Fund Benchmark= Bloomberg Barclays U.S. Aggregate Bond Index  
 Past performance is not indicative of future results. Performance is shown gross of fees. Fees will reduce fund performance.  
 RIIFL funds are not mutual funds, but are funds of the Russell Investments Institutional Funds, LLC; they are private placements

# RIIFL Core Bond Fund

## Advisor scorecard: Fourth Quarter 2020

MANAGER	Colchester Global Investors Limited	Western Asset Management Company	Western Asset Management Company – Leveraged Loan	MetLife Investment Management LLC	Scout Investments, Inc.	Schroder Investment Management	Russell Investments
Target Weight (%) <sup>1</sup>	12.0%	23.0%	1.0%	12.0%	21.0%	14.0%	17.0%
STYLES	ALPHA OVERLAY	FULLY DISCRETIONARY				SECURITY SPECIALIST	POSITIONING STRATEGIES
Quarter Performance vs. Fund Benchmark	+	+	+	+	+	+	+
One Year Performance vs. Fund Benchmark	-	+	-	+	+	-	-

Performance Key: + Positive impact ; Flat fund and index return within +/- 10 basis points; – Negative impact relative to the fund’s benchmark; n/a As this is a new manager there is no Quarter or Year Performance figures.

### QUARTERLY COMMENTARY

- › **Western Asset management (Western)** and **Scout Investments (Scout)** were equally strong, top performing managers during the quarter. This strong performance can be attributed to effective sector rotation into high yield.
- › **MetLife Investment Management (MetLife)** was neutral to its benchmark during the quarter. Sector selection was on balance with a positive overweight to financial institutions, and with a negative underweight to the utility sector.
- › The Fund’s **positioning strategies** provided the expected exposure to currency, rates, and credit value. During the quarter, duration overlays contributed meaningfully to performance, as did the overweight to corporate credits. Selection with investment grade corporates was also rewarded.

Fund Benchmark= Bloomberg Barclays U.S. Aggregate Bond Index

Past performance is not indicative of future results.

<sup>1</sup>The manager weight row represents the month-end quarterly weightings for the underlying manager.

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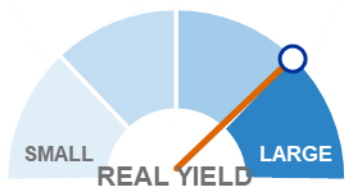
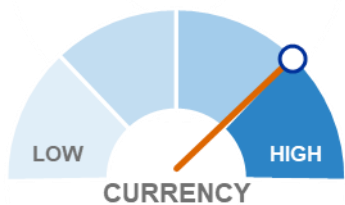
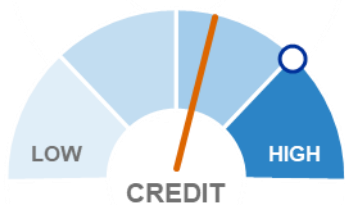
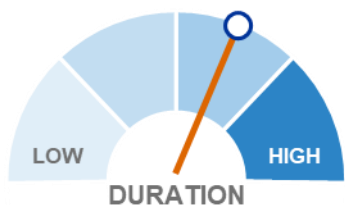
‡This money manager is a non-discretionary manager. Russell Investment Management, LLC (RIM) manages this portion of the fund’s assets based upon a model portfolio provided by the money manager. RIIFL funds are not mutual funds, but are funds of the Russell Investments Institutional Funds, LLC; they are private placements.



# RIIFL Core Bond Fund

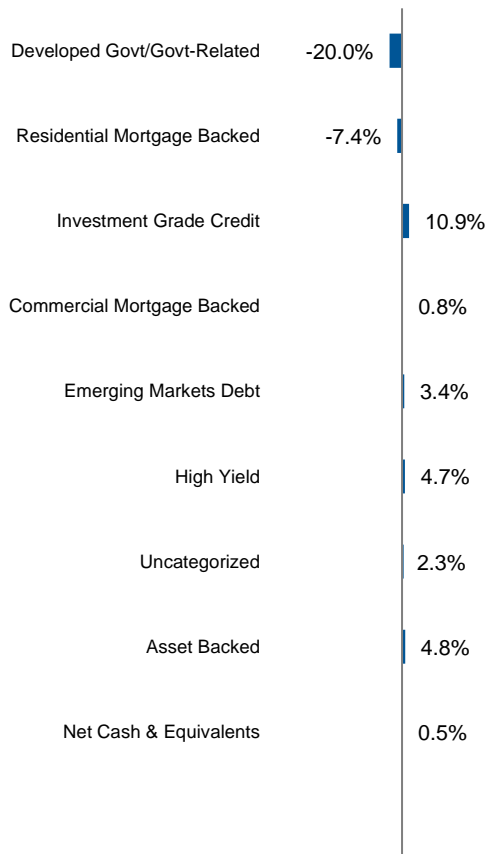
## Outlook and positioning: Fourth Quarter 2020

### CURRENT/STRATEGIC POSITIONING<sup>1</sup>



○ Strategic Position  
— Current Position

### SECTOR POSITIONING<sup>1</sup>



### FUND UPDATES

- > There were no material changes to the Fund during the quarter.

### POSITIONING AND OUTLOOK

- > Duration: The Fund has a substantially long duration position.
- > Credit: The Fund is substantially overweight corporate credit with a BBB-rated cohort preference and higher spread sectors of securitized markets such as non-agency RMBS and CLOs
- > Rates: The Fund holds long positions in U.S. and Japan rates and a short position in German rates.
- > Currency: The Fund maintains a slightly reduced overweight to the GBP while short to the USD and Swiss franc.

<sup>1</sup>. Positioning is relative to the Fund's benchmark.

Fund Benchmark= Bloomberg Barclays U.S. Aggregate Bond Index

There is no guarantee that any stated expectations will occur.

This is a fund of the Russell Investments Trust Company Commingled Employee Benefit Funds Trust; it is not a mutual fund.

# RIIFL Unconstrained Bond Fund – period ending December 31, 2020

Objective		
Seeks to provide capital appreciation with a positive rate of return that is competitive with the long-run returns achieved by typical investment grade core bond funds. The Fund will also seek to maintain a relatively low correlation to both bonds and equities.		

Quality Distribution <sup>1</sup>	Fund %	Index %
AAA	24.2	100.0
AA	3.6	0.0
A	7.7	0.0
BBB	15.9	0.0
BB	22.4	0.0
B	20.3	0.0
CCC & Below	1.2	0.0
Unrated	4.8	0.0

<sup>1</sup>Source: Russell Investments

4Q Currency Exposure <sup>1</sup> (+)	Fund %
GBP	1.87
EUR	1.77
CAD	1.14
NZD	0.45
JPY	0.34

4Q Currency Exposure <sup>1</sup> (-)	Fund %
CHR	-1.64
AUD	-1.18
NOK	-0.71
SEK	-0.47
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<sup>1</sup> Source: Russell Investments

Performance	Annualized					Inception to date <sup>1</sup>
	4Q2020	Year to date	One year	Three years	Five years	
RIIFL Unconstrained Bond Fund*	2.82%	0.67%	0.67%	3.56%	3.15%	2.80%
Bloomberg Barclays 3 Month USD LIBOR Cash Index <sup>2</sup> †	0.06	0.67	0.67	1.81	1.49	1.18

<sup>1</sup> Inception 03/31/14. The date shown represents the date the index comparison began and may not be the actual index inception date.

<sup>2</sup> Source: Barclays 3 Month USD LIBOR Cash Index, used with permission. Barclays 3 Month USD LIBOR Cash Index is licensing the Barclays 3 Month USD LIBOR Cash Index Indices "as is", makes no warranties regarding same, does not guarantee the quality, accuracy, and/or completeness of the Barclays 3 Month USD LIBOR Cash Index Indices or any data included therein or derived therefrom, and assumes no liability in connection with their use.

Characteristics <sup>1</sup>	4Q2020		3Q2020	
	Fund	Barclays 3 Month USD LIBOR Cash Index	Fund	Barclays 3 Month USD LIBOR Cash Index
Total Net Assets	\$779.15M	\$161.52T	\$751.80M	\$161.42T
Weighted Average Yield to Maturity	4.0%	0.2%	4.6%	0.2%
Weighted Average Duration	1.5yrs	0.3yrs	1.0yrs	0.3yrs
Average Quality**	BBB	AAA	BBB	AAA

<sup>1</sup> Source: Russell Investments except for Total Net Assets beginning Q3 2019. Source for prior periods was Factset.

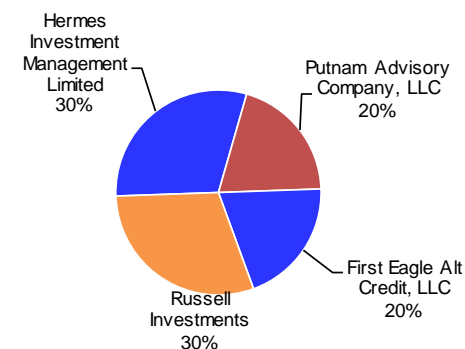
Sector Weightings (%) <sup>1,2</sup>	Fund %
Developed Govt/Govt-Related	10.2
Investment Grade Credit	14.7
High Yield	22.7
Commercial Mortgage Backed	10.2
Residential Mortgage Backed	28.8
Asset Backed	1.6
Emerging Markets Debt	2.6
Derivatives and Cash & Equivalents	-13.5
Uncategorized	22.6

<sup>1</sup> The Other sector includes pooled investment vehicles, certain derivatives, stocks and other investments not falling within one of the other listed sectors.

<sup>2</sup> Source: Russell Investments

Fund advisor styles	4Q2020	3Q2020
Target weightings %		
■ Positioning Strategies	30	15
■ Opportunistic	20	20
■ Yield	50	50
■ Diversifier	0	15

## Allocation of fund assets



\* Effective December 31, 2020, the Absolute Return Fixed Income Fund was renamed the Unconstrained Bond Fund.

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# RIIFL Unconstrained Bond Fund

## Performance summary: Fourth Quarter 2020

### STRATEGIC BELIEFS

Security selection is a primary source of excess returns within the RIIFL Unconstrained Bond Fund, although we believe that emphasizing certain factors over the course of a market cycle can offer higher benchmark-relative returns. For our fixed income funds, this means we are more likely to include securities with more credit risk, longer duration, and higher real yield. In addition, we also invest in currency to provide additional return potential and added diversification.

### FUND POSITIONING ENTERING THE QUARTER

- > The Fund had just above 50% exposure to the core yield engine, slightly overweight its strategic target.
- > The Fund had a small underweight to diversifiers, but with an overweight to cash.
- > The Fund was below its target on opportunistic strategies.

### DRIVERS OF PERFORMANCE

	ANNUALIZED							INCEPTION DATE
	4 <sup>th</sup> QTR	YTD	1 YR	3 YR	5 YR	10 YR	SINCE INCEPTION	
RIIFL Unconstrained Bond Fund	2.82%	0.67%	0.67%	3.56%	3.15%	----	2.80%	3/31/2014
Bloomberg Barclays 3 Month USD LIBOR Cash Index	0.06%	0.67%	0.67%	1.81%	1.49%	----	1.18%	

### QUARTERLY REVIEW

DRIVERS	IMPACT	COMMENTARY
Core Yield Engine	+	The core yield engine continued to be the driver of portfolio performance as risk markets rallied further on positive vaccine news and further fiscal and monetary support. The ICE BofA Global High Yield Constrained Index returned 7.45% while the CS Leveraged Loan Index was up 3.64%.
Opportunistic strategies	+	News around upcoming vaccines were a positive catalyst for the commercial mortgage sector, which had not previously rallied along with other risk markets. Prepayment strategies were also positive during the quarter.
Diversifiers	-	Currency posted a very small gain on the quarter, but the rates strategy was hurt primarily by rising yields in Australia.

### 12 MONTH REVIEW

DRIVERS	IMPACT	COMMENTARY
Core-Yield Engine	+	By the end of the year, both the short duration high yield and loans components had moved positive for the 12-month period, erasing the losses from Q1. Loans were weaker, finishing slightly behind benchmark but short duration high yield ended the period with strong returns.
Opportunistic	-	The drawdown during the crisis was substantial and the commercial mortgage sector was slow to recover given the direct impacts of the shutdown to the underlying industries. The 12 month returns remain well below benchmark.
Diversifying strategies	+	Performance in diversifying strategies was positive over the past year led by the Rates Value strategy. Being long U.S. and Canada rates were the primary contributors as yields fell dramatically in the first half of the year. Volatility was also a positive contributor while in the portfolio as it had a positive impact in Q1. The currency strategy lagged as the Carry and Trend factors underperformed.

Performance Key: + Positive impact; Flat fund and index within +/- 10 basis points; - Negative impact relative to the fund's benchmark

Fund Benchmark= Bloomberg Barclays 3 Month USD LIBOR Cash Index

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# RIIFL Unconstrained Bond Fund

## Advisor scorecard: Fourth Quarter 2020

MANAGER	Putnam Advisory Company, LLC	Hermes Investment Management Limited	First Eagle Alternative Credit, LLC	Russell Investments
Target Weight (%) <sup>1</sup>	20.0%	30.0%	20.0%	30.0%
STYLE	MORTGAGE STRATEGIES	YIELD		POSITIONING STRATEGIES
Quarter Performance vs. Fund Benchmark	+	+	+	Flat
One Year Performance vs. Fund Benchmark	-	+	+	+

Performance Key: + Positive impact ; Flat fund and index return within +/- 10 basis points; - Negative impact relative to the fund's benchmark; n/a As this is a new manager there is no Quarter or Year Performance figures.

### QUARTERLY COMMENTARY

- › **Putnam** was ahead of benchmark as news around upcoming vaccines were a positive catalyst for the commercial mortgage sector, which had not previously rallied along with other risk markets. Prepayment strategies were also positive during the quarter. Challenges remain for the commercial real estate sector, particularly for hotel and retail properties, but vaccines reduce the downside risk to prolonged lockdowns.
- › **First Eagle** saw another strong quarter as the leveraged loan market performed well against a backdrop of a broad rally in risk markets fueled by optimism surrounding vaccine developments and further stimulus. Expect stable to modest spread tightening in 2021 as increased volumes, attractive yields and improving economic fundamentals drive returns.
- › **Hermes** short duration high yield had another strong quarter as lower rated credit continued to lead performance. Credit quality was increased over the quarter as valuations became less attractive.
- › Russell **Positioning strategies** were as the rates strategy saw drawdown on higher Australian rates while currency was a slight positive.

Fund Benchmark= Bloomberg Barclays 3 Month USD LIBOR Cash Index

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<sup>1</sup>The manager weight row represents the month-end quarterly weightings for the underlying manager.

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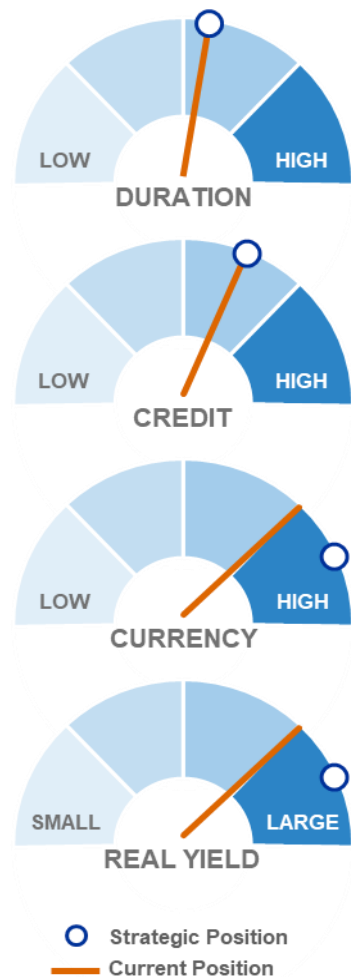
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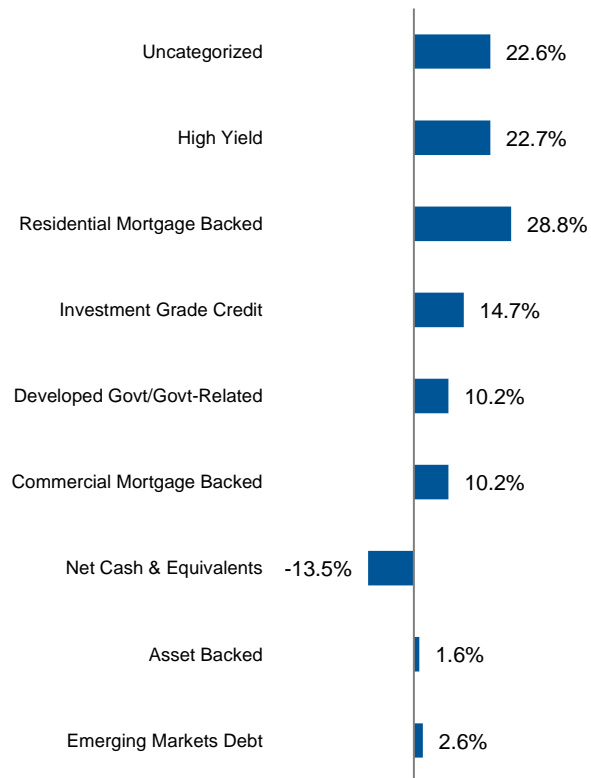
# RIIFL Unconstrained Bond Fund

## Outlook and positioning: Fourth Quarter 2020

### CURRENT/STRATEGIC POSITIONING<sup>1</sup>



### SECTOR POSITIONING<sup>1</sup>



### FUND UPDATES

- > During the quarter, Russell Investments terminated H2O AM LLP (H2O) from the Fund, due to concerns regarding distraction and organizational stability at the firm.

### POSITIONING AND OUTLOOK

- > **Opportunistic Strategies (Manager):** The Fund's current allocation remained below the strategic allocation to mortgage risk as, despite improved news from vaccines, the timing of recovery remains somewhat uncertain as rollouts commence. The Putnam strategy exposes the Fund to a unique combination of risk factors across a variety of security types that have good return potential and excellent diversification characteristics. While the short-term volatility is may continue, current valuations look potentially attractive.
- > **Core Yield engine (credit):** Credit exposure rose slightly higher as strong market returns moved the allocation to 51%. The rollout of vaccines globally, along with the expectation of continued monetary and fiscal support, will ultimately support credit markets.
- > **Diversifiers (currency, real yield, volatility):** Global Real Rates and the Russell FX strategy sit below their target weights. Overall, both sets of Russell positioning strategies continue to play a key role in diversifying the Fund's return profile and cash levels are high.

<sup>1</sup>. Positioning is relative to the Fund's benchmark.

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# Nevada System of Higher Education Managed Hedge Fund Solution

Performance summary: 4<sup>th</sup> Quarter 2020 (Gross estimated returns as of December 31, 2020)

## OBJECTIVE

The strategy of this Managed Hedge Fund Solution is to achieve long-term capital appreciation with low to moderate volatility and low correlation to global equity markets. The fund targets the HFRI Fund of Funds Diversified Index

## POSITIONING ENTERING THE QUARTER

- > The Portfolio underwent a significant realignment during the second and third quarters of 2020, changes we have discussed in previous reports. During the fourth quarter there were no new positions added but we do expect to initiate our first position in discretionary macro fund Brevan Howard in February.
- > CVI Emerging Markets Credit Value Fund continues to distribute cash back to investors. CVI represents a Portfolio weight of approximately 3.5% as of February 1st.

## Drivers of performance

	4 <sup>th</sup> Qtr	YTD	1 YR	ANNUALIZED			Inception Date
				2 YR	3 YR	Since Inception	
Managed Hedge Fund Solution	4.87%	6.55%	6.55%	6.80%	2.51%	3.49%	02/01/17
HFRI Fund of Funds Diversified Index	7.21%	10.29%	10.29%	9.19%	4.86%	5.28%	

## QUARTERLY PERFORMANCE DRIVERS

Drivers	Impact	Commentary
Equity Hedge	+	Equity Hedge was up 7.5%, which contributed 2.3% to the Portfolio's return. BlackRock EM performed best, gaining 19.6% and contributing +1.2% to the Portfolio's return.
Event Driven	+	Event Driven gained 4.1%, which contributed +1.1% to the Portfolio's return. York Asia was most accretive, gaining 4.1% and contributing +0.5% to the Portfolio's return.
Tactical Trading	+	Tactical Trading was up 5.8%, which contributed +0.7% to the Portfolio's return. GreshamACAR performed best, gaining 10.1% and adding +0.3% to the Portfolio's return.
Relative Value	+	Relative Value was up 2.9%, which contributed +0.9% to the Portfolio's return. The best performer was Highbridge, which was up 6.8% and contributed +0.8% to the Portfolio's return.

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# Nevada System of Higher Education Managed Hedge Fund Solution

Scorecard: 4<sup>th</sup> Quarter 2020 (Gross estimated returns as of December 31, 2020)

Fund	AKO Global	Autonomy Global Macro	BlackRock	CapeView Azri 2X	CVI Emerging	GCA Enhanced	Ellington Mortgage Opportunities	Engle Capital Partners
Weight (%) <sup>1</sup>	7.41%	0.79%	6.83%	10.69%	3.71%	9.06%	8.94%	5.70%
Quarter Performance	4.76%	9.19%	19.57%	1.92%	3.23%	4.54%	1.83%	9.11%
One Year Performance	--%	-0.52%	22.05%	15.81%	0.93%	--%	--%	--%

STRATEGY	Event Driven	Tactical Trading	Relative Value	Equity Hedge
Quarter Performance	4.11%	5.81%	2.85%	7.49%
One Year Performance	10.80%	2.81%	11.64%	-3.17%

## QUARTERLY COMMENTARY

- > BlackRock Emerging Frontiers Fund Limited (“**BlackRock**”) gained 19.6%, which added +1.2% to the Portfolio’s return. BlackRock was positioned to benefit from a recovery in emerging markets as COVID vaccines came to market. A weaker U.S. Dollar and high demand for commodities were also tailwinds for EM stocks.

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<sup>1</sup>The fund weight row represents the month-end quarterly weightings for the underlying funds.

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# Nevada System of Higher Education Managed Hedge Fund Solution

Scorecard: 4<sup>th</sup> Quarter 2020 (Gross estimated returns as of December 31, 2020)

Fund	GreshamQuant	Highbridge	NB Insurance-Linked Strategies	PIMCO Commodity Alpha	PIMCO Tactical	Two Sigma Absolute Return	York Asian
Weight (%) <sup>1</sup>	3.07%	10.95%	5.54%	6.47%	2.93%	7.33%	10.59%
Quarter Performance	10.05%	6.83%	1.32%	4.08%	4.82%	-0.28%	4.05%
One Year Performance	--%	23.77%	--%	9.05%	3.94%	-1.71%	23.06%

STRATEGY	Event Driven	Tactical Trading	Relative Value	Equity Hedge
Quarter Performance	4.11%	5.81%	2.85%	7.49%
One Year Performance	10.80%	2.81%	11.64%	-3.17%

## QUARTERLY COMMENTARY

- > GreshamQuant – ACAR Fund, Ltd. (“**Gresham**”) was up 10.1% during the quarter which added +0.3% to the Portfolio’s return. Gresham, which is a systematic manager focused on commodities, benefited from the positive price moves.
- > Highbridge Tactical Credit Fund, Ltd. (“**Highbridge**”) was up 6.8%, which added +0.8% to the Portfolio’s return. Convertibles and mid-cap credit names were accretive as was SPAC relative value.
- > York Asian Opportunities Unit Trust (“**York**”) gained 4.1% which added +0.5% to the Portfolio’s return. Longs made money while shorts detracted in Q4. Special Situations was the best performing strategy, up 11.6%, and gains were made in both its core markets of Japan and China. In November, York announced that its Asian business will be spun out from York Capital Management into its own independent business later in 2021. The core investment team will remain intact and will continue to be led by Masahiko Yamaguchi. While we are confident in the York Asia team, we will monitor the transition process closely for signs of stress.

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<sup>1</sup>The fund weight row represents the month-end quarterly weightings for the underlying funds.

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# Nevada System of Higher Education Managed Hedge Fund Solution

Hedge Fund Market Observations: 4<sup>th</sup> Quarter 2020

## ALLOCATION TO STRATEGIES

	4Q2020	3Q2020
<b>Tactical Trading</b>	10.3%	11.1%
<b>Relative Value</b>	32.8%	32.1%
<b>Event Driven</b>	26.3%	27.1%
<b>Equity Hedge</b>	30.6%	29.8%

## ALLOCATIONS TO HEDGE FUND MANAGERS

	4Q2020	3Q2020
<b>AKO Global</b>	7.4%	7.1%
<b>Autonomy</b>	0.8%	1.5%
<b>BlackRock</b>	6.8%	6.0%
<b>Cape View 2X</b>	10.7%	11.1%
<b>CVI Emerging</b>	3.7%	4.5%
<b>Ellington</b>	8.9%	6.9%
<b>Engle Capital</b>	5.7%	5.5%
<b>GCA Enhanced</b>	9.1%	7.4%
<b>GreshamQuant</b>	3.1%	2.9%
<b>Highbridge</b>	11.0%	11.6%
<b>NB Insurance</b>	5.5%	5.8%
<b>PIMCO Commodity Alpha</b>	6.5%	6.6%
<b>PIMCO Tactical</b>	2.9%	3.0%
<b>Two Sigma</b>	7.3%	7.8%
<b>York Asian</b>	10.6%	12.3%

## HEDGE FUND MARKET OBSERVATIONS

- > The HFRI FoF Diversified Index (“HFRI Diversified”) was up an estimated 7.2% in the fourth quarter, which was strong performance from both an absolute and relative perspective. The MSCI ACWI (“ACWI”) surged 14.7% in the fourth quarter, which capped a stunning rise following the first quarter, when the index declined 21.4%. For the full year, the HFRI Diversified was up an estimated 10.3%, thereby capturing close to two thirds of the ACWI’s 16.3% return. Major Covid-19 vaccine breakthroughs by several prominent companies sent a wave of relief throughout markets, as investors began to believe that an end of the global pandemic was finally within sight. This development offset the negative effects on investor sentiment engendered by new Covid-19 strains, a second wave of rising coronavirus cases and newly imposed lockdown restrictions in several countries. Alongside the positive vaccine news, political uncertainty eased in the U.S., with Joe Biden winning the U.S. presidential election and in Europe, where the UK and the European Union (EU) agreed upon a Brexit trade deal. Over the period, oil prices rose meaningfully while the U.S. dollar weakened.
- > All major hedge fund strategies finished in positive territory for the quarter, with Equity Hedge (14.7%) and Event Driven (11.6%) performing best. Within hedge fund sub-strategies, the weakest performers were those without much equity beta, including Equity Market Neutral (1.4%) and Fixed Income - Asset Backed (4.2%).
- > **Equity long/short funds**, as measured by the HFRI Equity (Total) Index, advanced 14.50 in Q4 2020. This exceptionally strong performance increased the full year’s return to +17.7%. Equity hedge managers posted strong absolute and relative returns for both the fourth quarter and all of 2020. Alpha generation for the quarter and year was led by strong performance from the long book. Shorting proved challenging in Q4 due to the strong market rally. Equity factors remained highly volatile and were a significant contributor to performance. Low interest rates, unprecedented government stimulus support, and positive COVID-19 vaccine news were among the several reason managers remain bullish on the equities. Average gross and net exposures for managers remained at near 10-year highs.
- > **Tactical Trading funds**, as measured by the HFRI Macro (Total Index) advanced 4.8% in Q4, which increased the full year’s return to 5.3%. Risk assets were choppy in October as a result of an increase in virus transmission across developed economies. However, risk assets rebound strongly across global markets in November and December due to strong Asian growth, continued fiscal stimulus across developed economies, and positive COVID-19 vaccine news. Discretionary macro managers profited over the quarter from high-conviction short exposure to the U.S. dollar, largely driven by ongoing need for further large-scale fiscal stimulus in the United States to offset business closures and ongoing unemployment. Discretionary macro managers also profited from long exposure to commodities, which benefited from surging demand driven by accelerating growth in Asia. Systematic macro managers (predominantly trend-followers) participated in many strong trends that accelerated over the quarter, including long industrial metals, long agricultural commodities, long crude oil, long global equities and short U.S. dollar. Many trend-followers enter the new year with max long positions in global equities and commodities, and max short exposure to the U.S. dollar.

There is no guarantee that any stated expectations will occur.

Funds listed are current as of December 31, 2020 Russell Investments has the right to engage or terminate any fund at any time and without notice.

# Nevada System of Higher Education Managed Hedge Fund Solution

Positioning and Outlook: 4<sup>th</sup> Quarter 2020

## HEDGE FUND MARKET OBSERVATIONS (Continued)

- > **Event-driven funds** as measured by the HFRI Event Driven (Total) Index, gained 11.6% during the fourth quarter, to finish the year up 9.1%. All sub-strategies generated strong returns in Q4, thereby erasing the losses incurred in the first quarter. Credit Arbitrage benefited from the broad recovery in credit markets. Despite ongoing uncertainty around COVID, companies were able to refinance and restructure their balance sheets to provide extended runways of liquidity. Credit Arbitrage and Special Situation funds again took advantage of multiple themes and trades around this dynamic, in working with corporate issuers to manage this process and make gains from debt exchanges and other liability management exercises. With the credit markets wide open, the vast majority of issuers could extend or refinance their obligations. Although positive for most companies, this has had the effect of propping up weaker companies. We believe that this will increase opportunities for security selection and event-driven trades in the future. Distressed/Restructuring generated double-digit returns in Q4. Notably, the default rate did increase. However, there have been multiple emergences from bankruptcy since Q2, especially in the Utilities and Retail sectors, which provided significant momentum to returns.
- > **Relative value funds** as measured by the HFRI Relative (Total) Index, gained 5.2% during the fourth quarter, ending the full year up 3.3%. All sub-sectors were positive, with corporate credit and convertibles again leading the performance. Convertible Arbitrage was the top strategy for the quarter and the year. 2020 set a record with over \$113 billion of new issuance during the year. In addition, the strength of convertibles, driven by underlying equities, saw the size of the universe by market value almost double from the depths of March. Although arbitrageurs generally hedge out equity exposure, and thus have minimal benefit from the rally in equities, the significant flow of new issues provided many opportunities to generate alpha from trading new issues on a discount, individual security selection, and volatility trading. Corporate relative value had a strong fourth quarter. Funds in the space generated returns comparable to being long-only high yield, despite running much lower net and beta exposures. Asset-Backed strategies were positive, although ended the year in negative territory, reflecting economic uncertainty in addition to being notable sectors of the market that have not benefitted from central bank purchases amongst aggressive monetary and fiscal policy.

## POSITIONING AND OUTLOOK

- > In the coming months we plan to make several additional changes in order to actively align the Portfolio with our forward-looking views:
  1. Terminate NB Insurance-Linked: We continue to like reinsurance strategies and their low correlation to other markets, and we note that to date, the investment has performed as expected. However, we note the underlying illiquidity of the strategy, and we believe that there are other attractive strategies in which to invest that will benefit the portfolio.
  2. Hire Parsec: The addition of Parsec will fill in a missing allocation to fixed income relative value within the Portfolio. The strategy focuses on a variety of fixed income strategies including Yield Curve Relative Value, Swap Spreads, and Cross-Currency Basis Swaps. Overall expectations are for mid- to high-single digit returns over the investment cycle, with similar volatility.
- > As we begin a new year, our outlook remains consistent with our outlook from last year. We entered 2020 modestly bullish despite elevated equity valuations based on the belief that global growth and earnings appeared to be improving and the U.S. and China had completed the phase 1 trade deal. While COVID-19 was truly a black swan event, it has created a situation with much pent-up demand. If economies begin to open, as we expect they will as COVID-19 vaccines are much more widely disseminated, consumer and government spending should create a positive backdrop for corporate earnings. In addition, we believe low yields will likely lead investors to continue to favor equities as the primary portfolio instruments to generate meaningful returns.
- > We are broadly constructive in our outlook for 2021 in that we expect risk assets to appreciate. However, we do think that risk/reward has been altered in certain markets following the remarkable recovery after the first quarter. We will continue to prioritize exposure to underlying hedge funds that can add value both long and short and extract alpha from markets without too much beta.

There is no guarantee that any stated expectations will occur.

# Important information

The Russell Investments Managed Hedge Fund Program is a service managed by the Russell Investments Trust Company.

Please remember that all investments carry some level of risk, including the potential loss of principal invested. They do not typically grow at an even rate of return and may experience negative growth. As with any type of portfolio structuring, attempting to reduce risk and increase return could, at certain times, unintentionally reduce returns.

Diversification and strategic asset allocation do not assure profit or protect against loss in declining markets.

Indexes/benchmarks are unmanaged and cannot be invested in directly. Past performance is not indicative of future results.

In general, alternative investments involve a high degree of risk, including potential loss of principal; can be highly illiquid and can charge higher fees than other investments. Hedge strategies and private equity investments are not subject to the same regulator requirements as registered investment products. Hedge strategies often engage in leveraging and other speculative investment practices that may increase the risk of investment loss.

Nothing contained in this material is intended to constitute legal, tax, securities or investment advice, nor an opinion regarding the appropriateness of any investment. The general information contained in this publication should not be acted upon without obtaining specific legal, tax and investment advice from a licensed professional.

Russell Investments Trust Company is the discretionary investment manager of the Russell Investments Managed Hedge Fund Program. Accordingly, Russell Investments Trust Company may, in its discretion, subscribe to, and redeem from, hedge funds underlying its client's separate account in the Russell Investments Managed Hedge Fund Program.

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First used: February 2021

AI-28661-02-22

# Russell Investments Institutional Funds, LLC Real Estate Equity Fund (RIIFL REEF)

Performance Report – Fourth Quarter 2020

### Objectives<sup>1</sup>

Outperform the Benchmark through income and growth over a full market cycle.

### Strategy

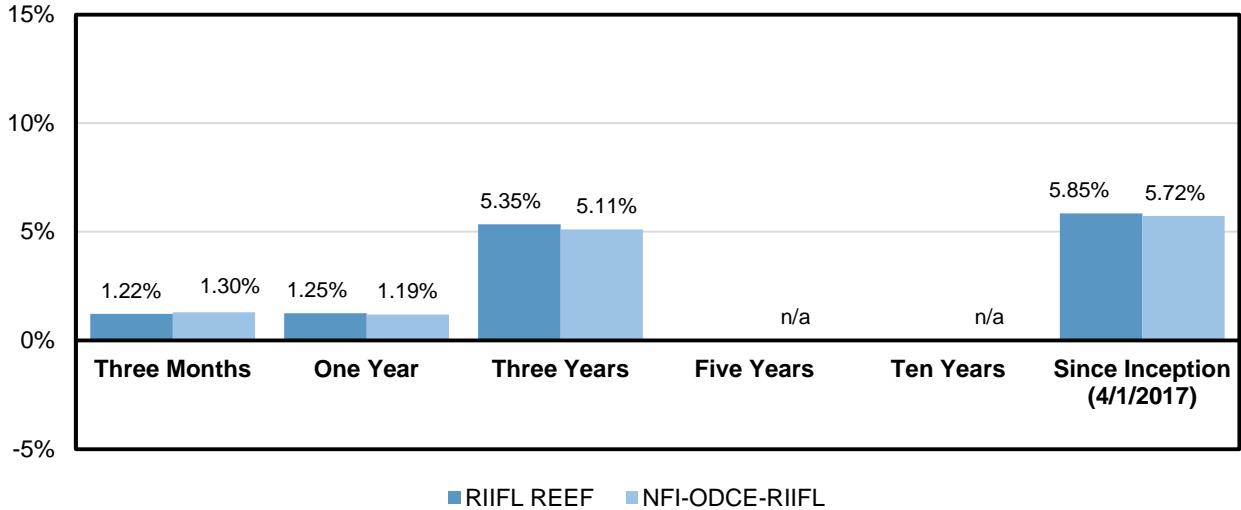
Multi-advisor, multi-fund investment approach targeting private core and enhanced core real estate funds. Focus on high-quality current income. Risk managed through property type and regional diversification and limits on portfolio leverage.

### Benchmark

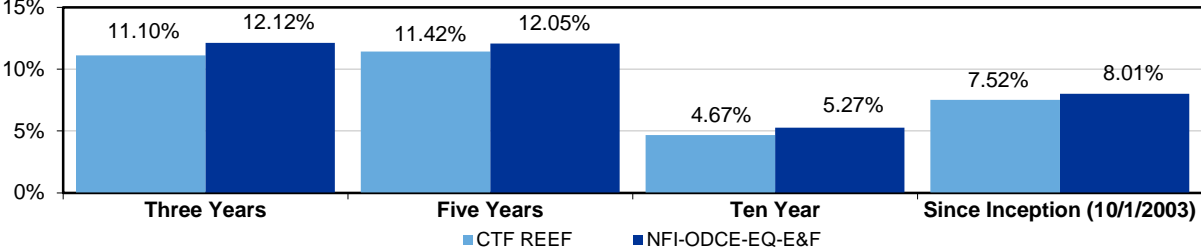
NFI-ODCE-RIIFL: The Fund’s linked benchmark represents the returns of the NCREIF Fund Index – Open End Diversified Core Equity (NFI-ODCE) effective July 1, 2019 and the returns of the NCREIF Fund Index - Open-End Diversified Core Equity - Equal Weight - Endowment & Foundations (NFI-ODCE-EQ-E&F) since inception through June 30, 2019.

At December 31, 2020, NFI-ODCE is comprised of 26 private diversified open-end real estate funds owning 3,045 properties valued at \$209.3 billion in net investor equity.

**RIIFL REEF Performance (Gross of Fees)<sup>2,3</sup>  
as of December 31, 2020**



**CTF REEF Performance (Gross of Fees)<sup>2,3</sup> through March 31, 2017**



CTF REEF is closed and not eligible for investment.

## Quarterly Highlights

RIIFL REEF produced a total gross return of 1.22% for 4Q 2020, comprised of 0.95% income and 0.27% appreciation, underperforming the Benchmark by 8bps. Morgan Stanley Prime Property Fund outperformed by 37bps, Invesco Core Real Estate-USA outperformed by 33bps and MetLife Commercial Mortgage Income Fund outperformed by 21bps, while RREEF America REIT II underperformed by 28bps and Trumbull Property Fund underperformed by 320bps.

For the year ended December 31, 2020, RIIFL REEF produced a total gross return of 1.25%, comprised of 3.72% income and -2.40% appreciation, outperforming the Benchmark by 6bps.

RIIFL REEF's leverage was 23.2% at 12/31/2020, compared to Benchmark's leverage of 23.2%.

## Fund Selection and Weights

Compared to the core sectors of the Benchmark, RIIFL REEF was overweight in the retail and industrial sectors and underweight in the apartment sector. RIIFL REEF had a non-core weighting of 7.8% at quarter-end.

## Market Commentary

Property sectors that were most negatively affected by Covid-19 restrictions were provided some relief during the fourth quarter 2020, with vaccine and stimulus package optimism driving performance. The approval of the vaccine distribution in November 2020 gave hope of an accelerated reopening and return to normalcy, allowing for the lifting of travel restrictions sooner than anticipated.

For the office sector, there were continued concerns over structural headwinds. Over the short term, office space leases remain in place but as companies begin to adopt longer-term, work-from-home structures, demand for office space is expected to decrease. The industrial sector continues to benefit from ongoing e-commerce trends; however, rent growth moderated to 6.4% from a peak of 8.3% in early 2020. Rent collections for industrial properties remain strong, around 95% based on NCREIF data, and supported by solid underlying growth drivers that have held steady through the pandemic. For the apartment sector, Federal stimulus helped some tenants meet their rent obligations but high rent collection, around 94%, also reflects an underlying tenant base that has been largely unaffected by layoffs. For the retail sector, rent collection is improving and is now up to 80% as states reopen but overall, low collection levels highlight the challenges facing certain retailers and restaurants.

For fourth quarter 2020, listed real estate, as measured by the FTSE NAREIT All Equity Index, generated an 8.15% total return and underperformed U.S. equities, as measured by the S&P 500, which generated a 12.15% total return. For 2020, REITs underperformed equities by over 23.5%, the largest differential since 2013. Real estate generally lags equities during recovery periods and was further challenged by the Covid-19 related shelter-in-place directives that negatively affected the retail and lodging sectors by reducing occupancy and income. Private real estate, as measured by the NFI-ODCE, generated a total return of 1.30% for fourth quarter 2020 and remained in positive territory for the second consecutive quarter. The Q4 2020 appreciation return for the NFI-ODCE moved positive at 0.38%, however, after three quarters of negative appreciation, the appreciation return for full year 2020 was negative at -2.59%.

Utilizing unlevered property level data from the NCREIF Property Index, super-regional malls and regional malls generated total returns of -10.71% and -10.22%, respectively, for the year ended December 31, 2020, and since malls usually carry leverage, the actual returns investors received are significantly more negative. Conversely, neighborhood centers, which are primarily grocery-anchored, experienced a -0.81% total return for 2020. Performance divergence was also evident in the office sector, with suburban office properties posting a 3.14% total return for 2020 versus 0.50% for CBD office. Suburban office properties had a 1% higher income return and experienced less depreciation. New York City, the largest office market, comprised 11% of the NCREIF Property Index and posted a total return of -2.0% for 2020 and was a large driver of the weakness in the office sector. In the apartment sector, garden properties, which are mainly in suburban locations, generated a 5.19% total return for 2020 and outperformed CBD-located high-rise apartment properties, which posted a 0.13% return. The industrial sector was the clear winner in 2020 with a total return of 11.78% that included 704 basis points of appreciation.

### RIIFL REEF Investments<sup>3</sup>

Real Estate Fund Investments	Market Value		Total Gross Returns <sup>5</sup>	
	12/31/2020 (Mil)	% of Total Investments	Three Months	One Year
Morgan Stanley Prime Property Fund	93.2	27.2%	1.67%	2.10%
RREEF America REIT II	91.7	26.8%	1.02%	2.09%
Invesco Core Real Estate-USA	75.5	22.1%	1.63%	-1.58%
MetLife Commercial Mortgage Income Fund	42.6	12.4%	1.51%	3.49%
Trumbull Property Fund	12.9	3.8%	-1.90%	-4.04%
<b>Total Real Estate Fund Investments</b>	<b>315.9</b>	<b>92.3%</b>		
Cash & Short Term Investments <sup>4</sup>	26.3	7.7%		
<b>Total RIIFL REEF Investments</b>	<b>342.2</b>	<b>100.0%</b>	<b>1.22%</b>	<b>1.25%</b>
<b>Benchmark: NFI-ODCE-RIIFL</b>	<b>---</b>	<b>---</b>	<b>1.30%</b>	<b>1.19%</b>

#### Investor Capital Flows During the Quarter

Capital Contributions	2.1 mil
Redemption Payments	19.1 mil
Number of Investors End of Quarter	18
Exit Pool End of Quarter	1.1 mil

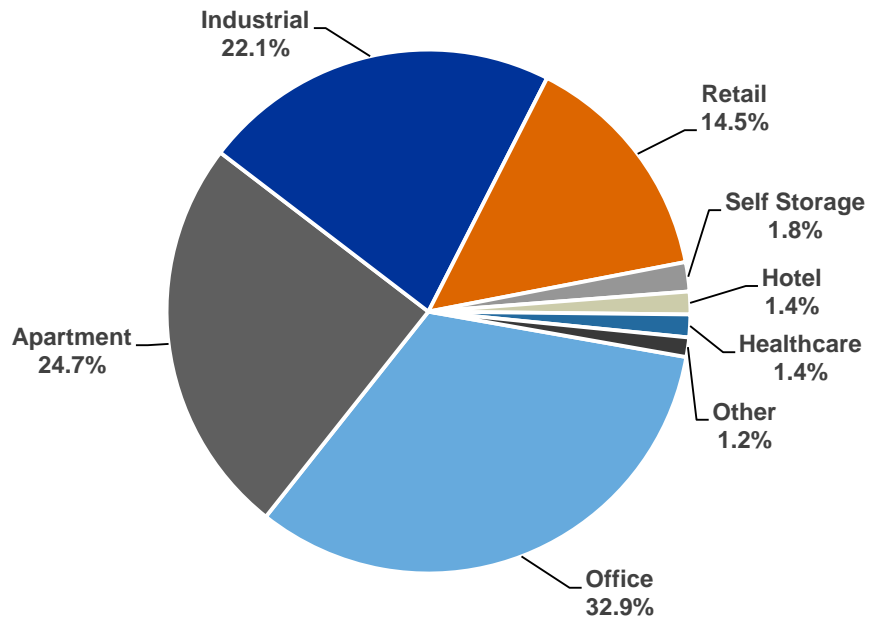
#### Portfolio Statistics

RIIFL REEF Investments	5
Properties Held by Investments	934
Net Value of Investments	\$66.3 bil
Portfolio Leverage	23.2%

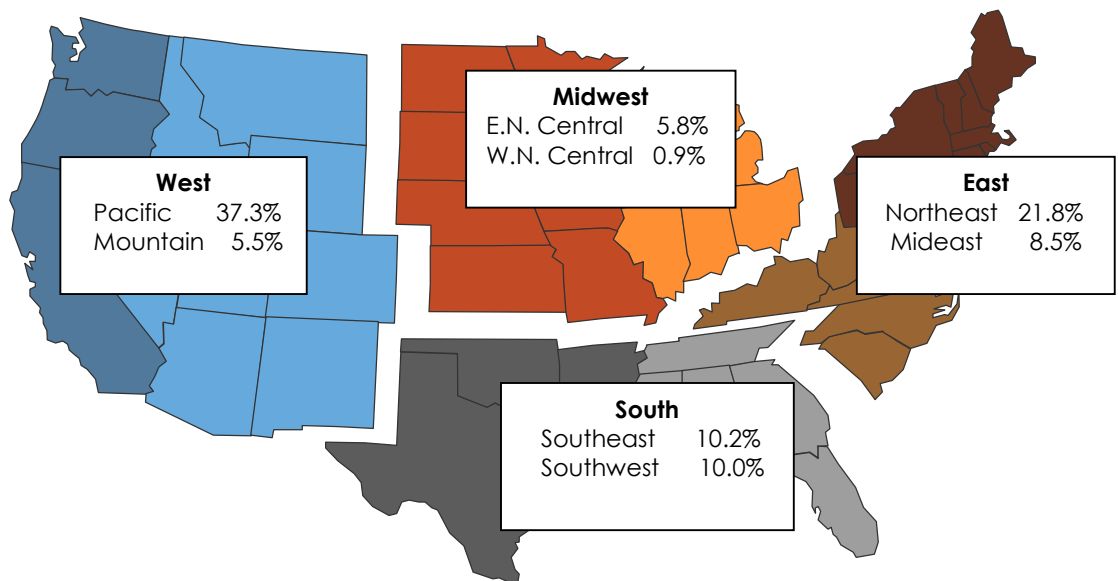
#### Balance Sheet (Mil)

<b>Assets:</b>	
Real Estate Fund Investments	315.9
Cash and Short-Term Investments	26.3
Unitholder Purchases	2.4
Receivables	2.4
<b>Total Assets</b>	<b>347.0</b>
<b>Liabilities:</b>	
Redemptions Payable	22.6
Other Payables	0.7
<b>Total Liabilities</b>	<b>23.3</b>
<b>Total Net Assets</b>	<b>323.7</b>

## Property Type Composition



## Regional Composition



For further information please contact Brett Deits, Senior Portfolio Manager  
 Voice: (206) 505-1697 ♦ Fax: (206) 505-1650 ♦ Email: [bdeits@russellinvestments.com](mailto:bdeits@russellinvestments.com)

## Notes

- <sup>1</sup> Fund targets are excess return and risk goals developed by Russell Investments Strategy and Research management to help measure our skill in managing managers and the general success of our funds against their stated objectives. Targets for multi-manager funds are based on targets received from underlying managers, historical data and the Russell Investments' qualitative assessments of the prospects for managers in a multi-manager portfolio and various other factors. We believe our methodology is reasonable for its purpose, but targets are not intended to predict the performance of Russell funds and we expect that actual performance will vary considerably. Additional information regarding Russell Investments' basis for fund targets is available on request.
- <sup>2</sup> Periods over one year are annualized.
- <sup>3</sup> CTF-REEF was an investment fund of the Common Trust Funds; it is not a mutual fund. This Trust was closed 3/31/2017 and is not eligible for investment. Performance provided for illustrative purposes only.  
Advisors/Investments listed are current as of 12/31/2020. Russell Investments has the right to engage or terminate an advisor/investment at any time and without notice.  
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Performance is shown gross of fees. Fees will reduce the overall performance of the fund.
- <sup>4</sup> Cash reserves are used for investor redemption requests, potential new investments, and fund expenses.
- <sup>5</sup> Fees will reduce the overall performance of the Fund. Past performance should not be viewed as a representation of future results. Indexes are unmanaged and cannot be invested in directly.

## RIIFL Real Estate Equity Fund

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Please remember that all investments carry some level of risk, including the potential loss of principal invested. They do not typically grow at an even rate of return and may experience negative growth. As with any type of portfolio structuring, attempting to reduce risk and increase return could, at certain times, unintentionally reduce returns.

Diversification does not assure a profit or guarantee against loss in declining markets.

The advisors are current as of 12/31/2020. Russell Investments has the right to engage or terminate an advisor at any time and without notice.

Specific sector investing such as real estate can be subject to different and greater risks than more diversified investments. Declines in the value of real estate, economic conditions, property taxes, tax laws and interest rates all present potential risks to real estate investments. Fund investments in non-U.S. markets can involve risks of currency fluctuation, political and economic instability, different accounting standards and foreign taxation.

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NFI-ODCE-RIIFL: The Fund's linked benchmark represents the returns of the NCREIF Fund Index – Open End Diversified Core Equity (NFI-ODCE) effective July 1, 2019 and the returns of the NCREIF Fund Index - Open-End Diversified Core Equity - Equal Weight - Endowment & Foundations (NFI-ODCE-EQ-E&F) since inception through June 30, 2019.

NFI-ODCE is a peer group, capitalization-weighted, gross of fee, time-weighted return index that includes private open-end real estate funds offered primarily to institutional investors. NFI-ODCE is produced and governed by the National Council of Real Estate Investment Fiduciaries (NCREIF). A subjective appraisal process is used to value unrealized gains (losses) of capital.

NFI-ODCE-EQ-E&F is a peer group, equally-weighted, gross of fee, time-weighted return index that includes private open-end real estate funds offered primarily to endowments and foundations. NFI-ODCE-EQ-E&F is produced and governed by the National Council of Real Estate Investment Fiduciaries (NCREIF). A subjective appraisal process is used to value unrealized gains (losses) of capital.

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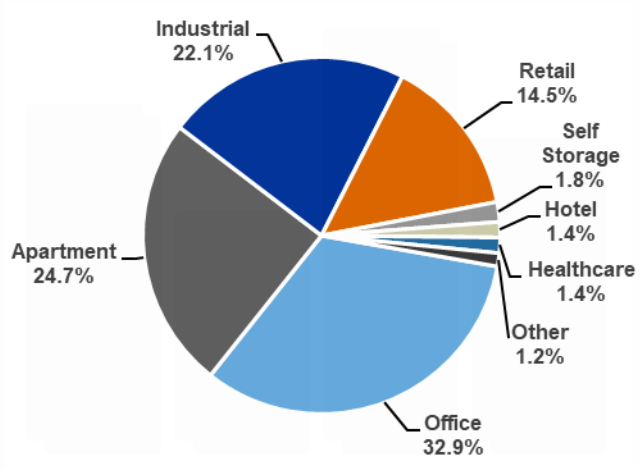
# RIIFL Real Estate Equity Fund – period ending December 31, 2020

## Strategy

Multi-advisor, multi-fund investment approach targeting private core and enhanced core real estate funds. Focus on high-quality current income. Risk managed through property type and regional diversification and limits on portfolio leverage.

RIIFL REEF's leverage was 23.2% as of December 31, 2020, compared to Benchmark leverage of 23.2%.

## Property type composition



Performance %	Annualized – for periods ending December 31, 2020					Inception to date <sup>1</sup>
	4Q2020	One year	Three years	Five years	Ten years	
RIIFL Real Estate Equity Fund	1.22	1.25	5.35	--	--	5.85
NFI-ODCE-RIIFL <sup>2</sup>	1.30	1.19	5.11	--	--	5.72

<sup>1</sup> Inception 04/01/2017. The date shown represents the date the index comparison began and may not be the actual index inception date.

<sup>2</sup> NFI-ODCE-RIIFL: The Fund's linked benchmark represents the returns of the NCREIF Fund Index - Open-End Diversified Core Equity (NFI-ODCE) effective July 1, 2019 and the returns of the NCREIF Fund Index - Open-End Diversified Core Equity - Equal Weight - Endowment & Foundations (NFI-ODCE-EQ-E&F) since inception through June 30, 2019.

## Characteristics

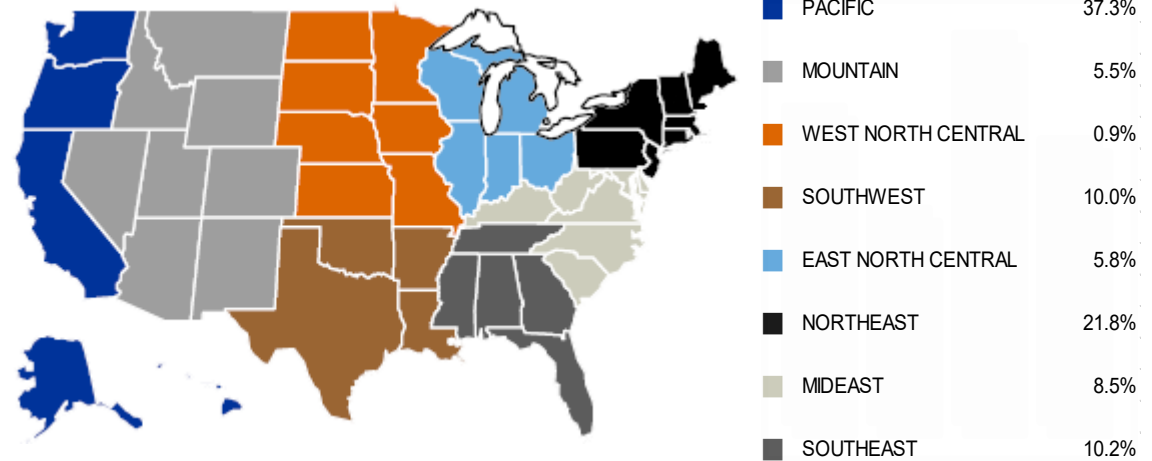
### RIIFL REEF Investments

RIIFL REEF Investments	Target weighting %	Market value \$ Millions	Market value % of total	Total gross returns for periods ending December 31, 2020	
				Three months %	One year %
Morgan Stanley Prime Property Fund	30	93.2	27.2	1.67	2.10
RREEF America REIT II	30	91.7	26.8	1.02	2.09
Invesco Core Real Estate-USA	25	75.5	22.1	1.63	-1.58
MetLife Commercial Mortgage Income	15	42.6	12.4	1.51	3.49
Trumbull Property Fund	0	12.9	3.8	-1.90	-4.04
<b>Total Real Estate Fund Investments</b>		<b>315.9</b>	<b>92.3</b>	--	--
Cash & Short Term Investments	0	26.3	7.7	--	--
<b>Total RIIFL REEF Investments</b>	<b>100</b>	<b>342.2</b>	<b>100.0</b>	<b>1.22</b>	<b>1.25</b>

### Benchmark total return breakout %

	4Q2020	Year to date	One year
Income	0.92	3.85	3.85
Capital Appreciation	0.38	-2.59	-2.59

## Regional composition



Fund investments listed are current as of December 31, 2020. Russell Investments has the right to engage or terminate a fund at any time and without notice.

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Performance is shown gross of fees. Fees will reduce the overall performance of the Fund. Indexes are unmanaged and cannot be invested in directly. Past performance is not indicative of future results.

# RIIFL Real Estate Equity Fund Advisor scorecard<sup>1</sup>: 4<sup>th</sup> Quarter 2020 (3<sup>rd</sup> Quarter 2020 activity)

ADVISOR	Morgan Stanley Prime Property Fund	RREEF America REIT II	Invesco Core Real Estate-USA	MetLife Commercial Mortgage Income Fund	(UBS) Trumbull Property Fund	Cash
Target Weight (%) <sup>2</sup>	26.6%	26.4%	21.6%	12.2%	3.9%	9.3%
Quarter Performance vs. Fund Benchmark <sup>3</sup>	+	-	-	+	-	
One Year Performance vs. Fund Benchmark <sup>3</sup>	+	+	-	+	-	

Performance Key: + Positive impact relative to the Benchmark; - Negative impact relative to the Benchmark; Flat impact (within +/- 10 basis points of the Benchmark)

## QUARTERLY COMMENTARY

› **Morgan Stanley Prime Property's** 3Q20 total return of 1.28% outperformed REEF's benchmark by 80bps and the one-year return of 2.22% outperformed by 83bps. Prime's self-storage and industrial portfolios were the best performing sectors in the quarter, with office, retail and hotel experiencing valuation losses. Marking debt to market had a negative 20bp impact on quarterly appreciation. Same-property net operating income for year-to-date 2020 decreased 4.1% over same-period 2019, excluding operating companies. The decrease was primarily due to impacts of the Covid-19 pandemic on the retail and apartment sectors. Portfolio occupancy was 92.1%, compared to 92.7% at June 30th. New acquisitions during the quarter totaled \$568mm across eleven investments concentrated in industrial, apartment and healthcare. Disposition activity totaled \$74mm in proceeds and included an apartment property in Fort Lauderdale, FL for \$73mm and a land parcel in Orlando, FL. Portfolio leverage increased to 18.4%, from 17.2% at June 30th. Prime called \$454mm of investor capital during 3Q and paid out \$500mm in redemptions. Prime had an incoming queue of \$892mm and a redemption queue of \$610mm at quarter-end.

<sup>1</sup> Past performance is not indicative of future results.

<sup>2</sup> Target Weight represents the most current target weightings for the underlying advisors/funds.

<sup>3</sup> Source: Russell Investments. Out/underperformance is relative to the Benchmark.

Benchmark: NFI-ODCE-RIIFL.

Advisors/funds are current as of September 30, 2020. Russell Investments has the right to engage or terminate an advisor/fund at any time and without notice.

Benchmark is unmanaged and cannot be invested in directly.

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# RIIFL Real Estate Equity Fund Advisor scorecard<sup>1</sup>: 4<sup>th</sup> Quarter 2020 (3<sup>rd</sup> Quarter 2020 activity)

## QUARTERLY COMMENTARY (continued)

- › **RREEF America II's** 3Q20 total return of 0.21% underperformed REEF's benchmark by 27bps, while the one-year return of 2.72% outperformed by 133bps. The industrial sector posted a valuation increase for the quarter, while office, retail and apartment posted valuation decreases. Marking debt to market had a negative 13bp impact on quarterly appreciation. Same-property net operating income year-to-date 2020 showed no increase over same-period 2019. Positive income growth for office, retail and retail was offset by negative growth for retail due to the impact of the pandemic. Portfolio occupancy was 90.9%, compared to 89.6% at June 30th. Acquisition activity during the quarter included land for an apartment development near Los Angeles, CA and land for an industrial development near Harrisburg, PA for an aggregate project cost of \$152mm. Disposition activity included an apartment asset in Kansas City, MO for \$87mm in proceeds and an office asset near Sacramento, CA for \$20mm. Portfolio leverage increased to 19.3% at quarter-end, compared to 19.1% at June 30th. RREEF America called \$32mm of investor capital and paid out \$168mm in redemptions for the quarter. RREEF America II had an incoming queue of \$137mm and a redemption queue of \$291mm at quarter-end.
- › **Invesco Core Real Estate-USA's** 3Q20 total return of -0.28% underperformed REEF's benchmark by 76bps and the one-year return of -0.94% underperformed by 233bps. Valuation writedowns for Invesco's core retail, office and apartment portfolios was partially offset by valuation gains for core industrial, life science and self-storage sectors. Marking debt to market had a negative 18bp effect on quarterly appreciation. Year-to-date 2020 same-property net operating income decreased by 5.0% over same-period 2019, driven by Covid-19 related shutdowns and rent abatement in the retail and apartment sectors. Portfolio occupancy was 90.5%, compared to 92.1% at June 30th. Acquisition activity during the quarter included an industrial project in Denver, CO and a self-storage facility in San Diego, CA for a total cost of \$77mm. Disposition activity consisted of a non-strategic retail asset in Chandler, AZ for \$11mm. Portfolio leverage was 25.7%, compared to 25.8% at June 30th. Invesco called \$166mm of investor capital during 3Q, with no redemptions paid out. On October 1, 2020, redemptions were resumed and \$75mm was paid towards redemption requests. Invesco had an incoming queue of \$120mm and a withdrawal queue of \$709mm at quarter-end.
- › **MetLife Commercial Mortgage Income's** 3Q20 total return of 1.40% outperformed REEF's benchmark by 92bps and the one-year return of 3.43% outperformed by 204bps. The total return for the quarter consisted of 1.21% income and 0.20% appreciation that was primarily attributable to marking debt to market. Marking debt to market had a positive 12bp impact on quarterly appreciation. Total portfolio occupancy was 85.2%, compared to 84.7% at June 30th. During 3Q, MetLife funded two new loans for a total of \$46mm. The loans are collateralized by a flex-office building in Altamonte Springs, FL and a newly constructed apartment building in New York (Manhattan), NY. One loan representing \$48mm in principal balance was paid off during the quarter. At quarter-end, MetLife held 65 loans representing \$3.3bn of principal balance outstanding, with a loan to value of 69.0%, a debt service coverage ratio of 1.69 and a debt yield of 6.9%. Including short term credit facilities, portfolio leverage was 31.0% at quarter-end compared to 33.7% at June 30th. Property-specific leverage was 17.7%. MetLife called \$225mm of investor capital during the quarter and paid out \$111mm in redemptions. MetLife had an incoming queue of \$676mm at quarter-end.
- › **(UBS) Trumbull Property Fund's** 3Q20 total return of -0.18% underperformed REEF's benchmark by 66bps and the one-year return of -2.13% underperformed by 352bps. Industrial sector assets saw moderate value increases that were offset by valuation declines for the office, retail and hotel sectors. Marking debt to market had a negative 4bp impact on quarterly appreciation. Same-property net operating income (NOI) for year-to-date 2020 decreased by 9.2% over same-period 2019, which was significantly due to the impact of COVID-19 on the fund's retail and office sectors. Portfolio occupancy was 91.0% at quarter-end, compared to 91.9% at June 30th. One investment, a warehouse in Los Angeles, was acquired during 3Q for \$15mm. TPF sold an apartment asset in Washington, DC for \$85mm. Portfolio leverage was 18.8% at quarter-end, compared to 18.2% at June 30th. Trumbull Property called \$0.2mm of investor capital during the quarter. There were no redemption payments. TPF had a redemption queue of \$8.1bn at quarter-end.

<sup>1</sup> Past performance is not indicative of future results.

<sup>2</sup> Target Weight represents the most current target weightings for the underlying advisors/funds.

<sup>3</sup> Source: Russell Investments. Out/underperformance is relative to the Benchmark.

Benchmark: NFI-ODCE-RIIFL.

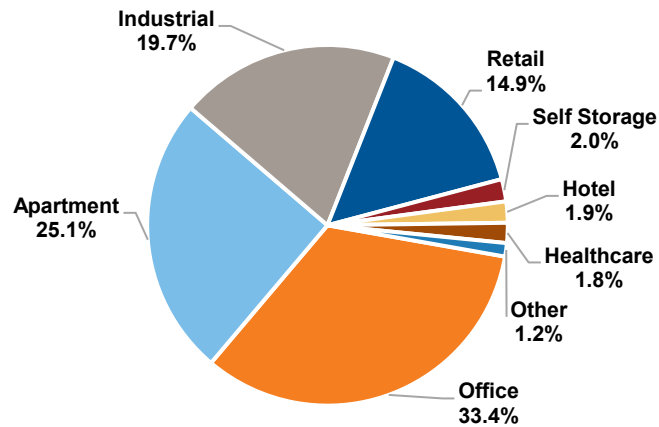
Advisors/funds are current as of September 30, 2020. Russell Investments has the right to engage or terminate an advisor/fund at any time and without notice.

Benchmark is unmanaged and cannot be invested in directly.

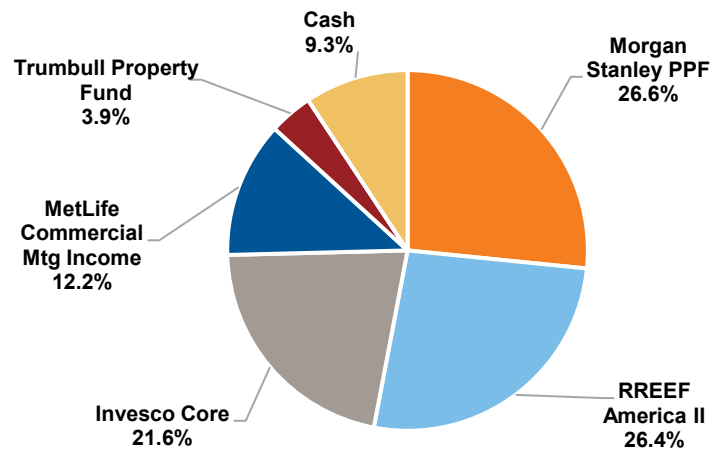
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# RIIFL Real Estate Equity Fund Outlook and positioning: 4<sup>th</sup> Quarter 2020 (3<sup>rd</sup> Quarter 2020 Activity)

## Sector Positioning



## Fund Exposure

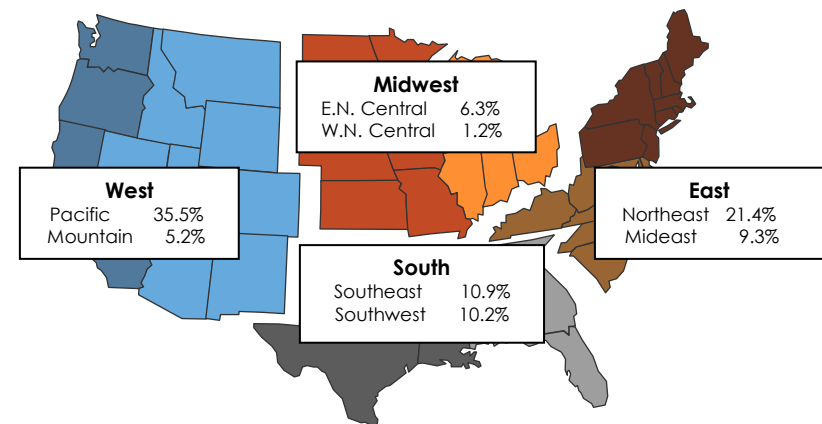


## FUND UPDATES

- › RIIFL-REEF produced a total gross return of 0.51% for 3Q 2020, comprising an 0.87% income return and -0.36% appreciation, outperforming the Benchmark by 3bps for the quarter and by 39bps for the year.
- › Strong absolute performance. 1-year and 3-year performance of 1.78% and 5.68%, respectively.
- › Stable current income return. Trailing twelve-month income return of 3.86% from portfolio of prime assets in highly liquid markets.
- › Diversified exposure across property types, regions, and strategies, without added volatility associated with public markets. RIIFL-REEF had exposure to 915 properties with a net aggregate value of \$65.9 billion at September 30, 2020.
- › Prudent leverage and low non-core real estate exposure. Leverage of 22.2% was within the general guideline limit of 30% and below the Benchmark leverage of 22.7%.

## POSITIONING AND OUTLOOK

- › Stay overweight Pacific region growth markets with favorable demographics and economic drivers
- › The short-term and long-term impact of the Covid-19 Pandemic on commercial real estate is unknown and is anticipated to affect the performance of sectors differently. Most sectors are anticipated to be negatively impacted.



Benchmark: NFI-ODCE-RIIFL

# Account Performance Detail

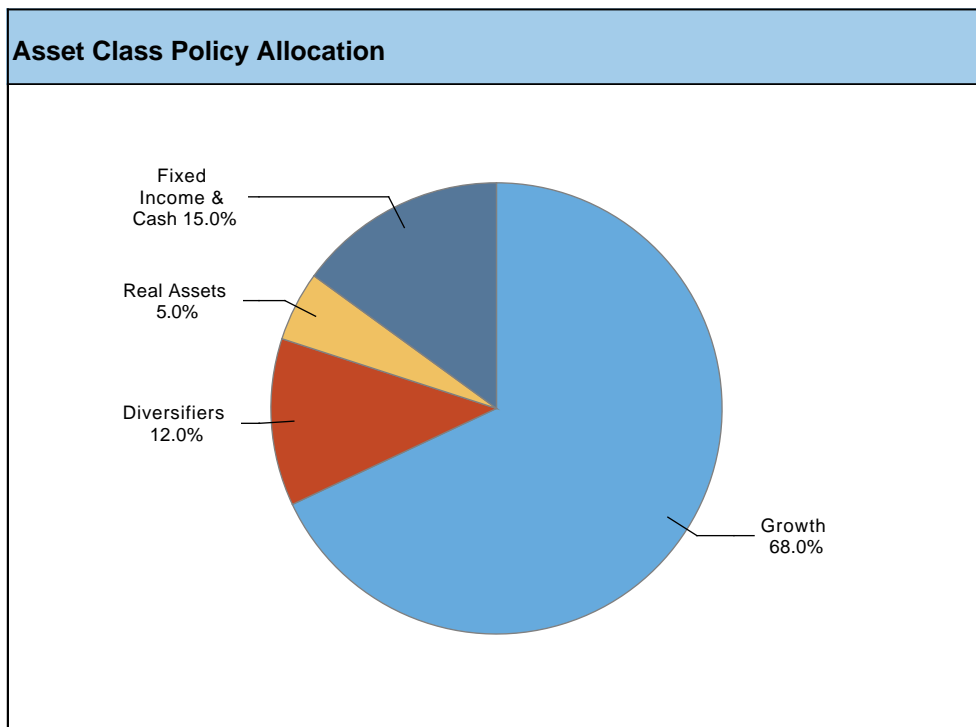


## Asset Summary

### Nevada System of Higher Education

As of December 31, 2020

#### Nevada System of Higher Education - Endowment - NK1K



**Asset Allocation**

	Ending Market Value	Actual Holding	Policy Holding	Holding Variance
Growth	\$81,958,673	70.7%	68.0%	2.7%
Diversifiers <sup>[1]</sup>	13,217,370	11.4	12.0	-0.6
Real Assets <sup>[2]</sup>	5,793,256	5.0	5.0	-0.0
Fixed Income & Cash	15,032,465	13.0	15.0	-2.0
<b>Total Endowment Pool Composite</b>	<b>116,001,766</b>	<b>100.0</b>	<b>100.0</b>	<b>0.0</b>

**Market Value Reconciliation**

	One Month	Three Months	Year to Date
Beginning Market Value (\$)	112,127,731	105,874,308	114,115,138
Net Inflows/Outflows (\$)	17,910	-1,104,619	-4,340,482
Net Market Gain/Loss (\$)	3,856,125	11,232,076	6,227,110
Ending Market Value (\$)	116,001,766	116,001,766	116,001,766

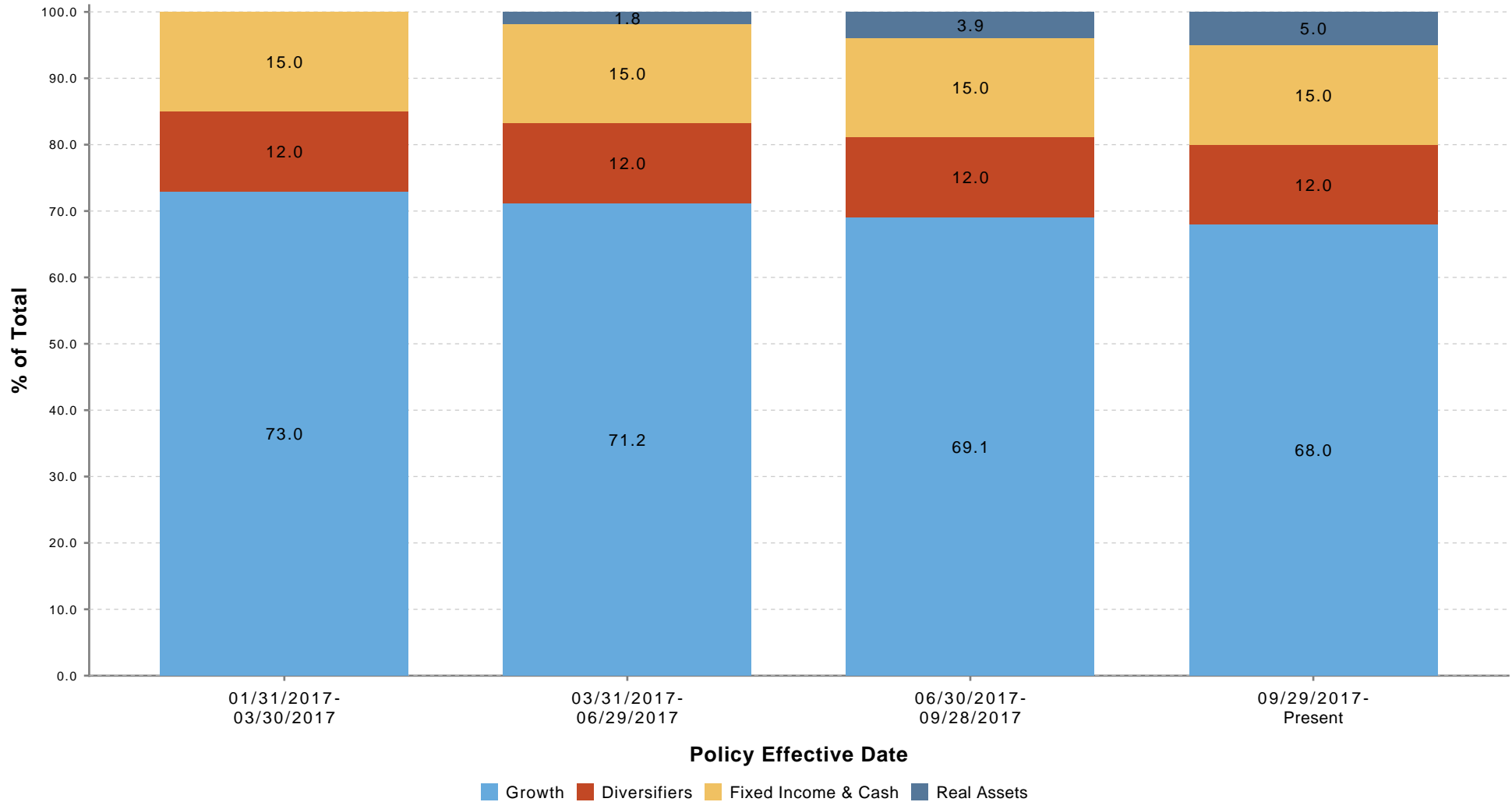
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# Historical Asset Allocation

## Nevada System of Higher Education

As of December 31, 2020

### Nevada System of Higher Education - Endowment - NK1K



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## Market Value Reconciliation Nevada System of Higher Education

As of December 31, 2020

### Nevada System of Higher Education - Endowment - NK1K

	One Month	Three Months	Year to Date	FYTD 06/30	One Year	Two Years	Three Years	Since Inception 01/01/17
Beginning Market Value (\$)	112,127,731	105,874,308	114,115,138	101,929,775	114,115,138	101,218,960	111,978,497	0
Inflows (\$)	17,910	309,651	2,198,530	311,337	2,198,530	4,932,512	6,718,806	110,372,985
Outflows (\$)	0	-1,414,270	-6,539,013	-1,592,582	-6,539,013	-12,103,788	-18,653,446	-22,877,627
Net Inflows / Outflows (\$)	17,910	-1,104,619	-4,340,482	-1,281,244	-4,340,482	-7,171,276	-11,934,640	87,495,357
Appreciation / Depreciation (\$)	3,856,125	11,232,075	6,226,056	15,353,188	6,226,056	21,946,659	15,943,928	28,488,862
Income Earned (\$)	0	1	1,054	47	1,054	7,423	13,980	17,546
Net Market Gain/Loss (\$)	3,856,125	11,232,076	6,227,110	15,353,235	6,227,110	21,954,082	15,957,908	28,506,408
Ending Market Value (\$)	116,001,766	116,001,766	116,001,766	116,001,766	116,001,766	116,001,766	116,001,766	116,001,766

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# Performance Report

## Nevada System of Higher Education

As of December 31, 2020

### Nevada System of Higher Education - Endowment - NK1K

	Market Value	One Month	Three Months	Year to Date	FYTD 06/30	Annualized					Inception Date
						One Year	Two Years	Three Years	Four Years	Since Inception	
<b>Total Endowment Pool Composite - Gross</b> <sup>[3]</sup>	<b>\$116,001,766</b>	<b>3.46%</b>	<b>10.73%</b>	<b>6.12%</b>	<b>15.23%</b>	<b>6.12%</b>	<b>10.84%</b>	<b>5.09%</b>	<b>7.40%</b>	<b>7.40%</b>	<b>01/01/2017</b>
<b>Total Endowment Pool Composite - Net</b> <sup>[3]</sup>	<b>116,001,766</b>	<b>3.39</b>	<b>10.56</b>	<b>5.45</b>	<b>14.87</b>	<b>5.45</b>	<b>10.14</b>	<b>4.43</b>	<b>6.73</b>	<b>6.73</b>	<b>01/01/2017</b>
Dynamic Benchmark <sup>[4]</sup>	--	3.42	9.66	9.57	15.26	9.57	13.85	7.32	9.08	9.08	--
Strategic Allocation Benchmark <sup>[5]</sup>	--	3.36	9.62	9.75	15.24	9.75	13.97	7.47	9.15	9.15	--
Normalized Benchmark <sup>[6]</sup>	--	3.34	9.39	10.45	15.06	10.45	14.27	7.75	9.23	9.23	--
<b>Growth - Gross</b> <sup>[3]</sup>	<b>81,958,673</b>	<b>4.37</b>	<b>14.70</b>	<b>5.80</b>	<b>20.09</b>	<b>5.80</b>	<b>12.76</b>	<b>5.27</b>	<b>8.33</b>	<b>8.33</b>	<b>01/01/2017</b>
<b>Growth - Net</b> <sup>[3]</sup>	<b>81,958,673</b>	<b>4.30</b>	<b>14.50</b>	<b>5.07</b>	<b>19.67</b>	<b>5.07</b>	<b>11.97</b>	<b>4.54</b>	<b>7.58</b>	<b>7.58</b>	<b>01/01/2017</b>
Custom Benchmark <sup>[7]</sup>	--	4.18	13.64	11.24	21.14	11.24	17.55	8.23	10.74	10.74	--
<b>Multi-Asset Core Plus Fund - Gross</b> <sup>[3]</sup>	<b>81,958,673</b>	<b>4.37</b>	<b>14.70</b>	<b>5.80</b>	<b>20.09</b>	<b>5.80</b>	<b>12.76</b>	<b>5.27</b>	<b>8.33</b>	<b>8.33</b>	<b>01/01/2017</b>
<b>Multi-Asset Core Plus Fund - Net</b> <sup>[3]</sup>	<b>81,958,673</b>	<b>4.30</b>	<b>14.50</b>	<b>5.07</b>	<b>19.67</b>	<b>5.07</b>	<b>11.97</b>	<b>4.54</b>	<b>7.58</b>	<b>7.58</b>	<b>01/01/2017</b>
Multi-Asset Core Plus Composite Bmk <sup>[8]</sup>	--	4.18	13.64	11.24	21.14	11.24	17.55	8.23	10.74	10.74	--
<b>Diversifiers - Gross</b> <sup>[3],[9]</sup>	<b>13,217,370</b>	<b>2.27</b>	<b>2.25</b>	<b>4.78</b>	<b>7.56</b>	<b>4.78</b>	<b>4.17</b>	<b>1.88</b>	--	<b>2.62</b>	<b>03/01/2017</b>
<b>Diversifiers - Net</b> <sup>[3],[9]</sup>	<b>13,217,370</b>	<b>2.21</b>	<b>2.09</b>	<b>4.10</b>	<b>7.21</b>	<b>4.10</b>	<b>3.50</b>	<b>1.22</b>	--	<b>1.96</b>	<b>03/01/2017</b>
Custom Benchmark <sup>[10]</sup>	--	3.70	1.96	5.49	6.52	5.49	5.65	4.09	--	4.72	--
HFRI Fd of Fds-Div Index 1 mo lag <sup>[11],[12]</sup>	--	3.54	3.79	8.28	9.69	8.28	6.58	4.02	--	4.48	--
<b>AKO Global Fund Limited - Net</b> <sup>[13]</sup>	<b>975,801</b>	<b>7.45</b>	<b>0.38</b>	--	--	--	--	--	--	<b>3.46</b>	<b>09/01/2020</b>
<b>BlackRock Emerging Frontiers - Net</b> <sup>[14]</sup>	<b>843,907</b>	<b>8.06</b>	<b>8.15</b>	<b>11.82</b>	<b>11.54</b>	<b>11.82</b>	--	--	--	<b>11.05</b>	<b>12/01/2019</b>
<b>Eminence Fund Leveraged - Net</b> <sup>[15]</sup>	<b>53,503</b>	<b>0.00</b>	<b>0.00</b>	<b>-32.89</b>	<b>-8.70</b>	<b>-32.89</b>	<b>-8.52</b>	--	--	<b>-9.50</b>	<b>08/01/2018</b>

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# Performance Report

## Nevada System of Higher Education

As of December 31, 2020

### Nevada System of Higher Education - Endowment - NK1K

	Market Value	One Month	Three Months	Year to Date	FYTD 06/30	Annualized					Inception Date
						One Year	Two Years	Three Years	Four Years	Since Inception	
Engle Offshore, Ltd. - Net <sup>[13]</sup>	728,197	2.45	2.82	--	--	--	--	--	--	4.03	09/01/2020
CapeView Azri 2X Fund - Net <sup>[16]</sup>	1,424,080	1.58	3.98	17.29	13.78	17.29	11.50	--	--	3.84	07/01/2018
CVI Emerging Markets Credit Value Fd Ltd - Net <sup>[9]</sup>	497,573	3.99	1.20	0.14	8.91	0.14	-3.18	-3.24	--	-0.55	03/01/2017
GCA Enhanced Offshore Fund, Ltd - Net <sup>[17]</sup>	1,203,915	2.46	3.54	--	7.57	--	--	--	--	10.54	06/01/2020
PIMCO Tactical Opportunities Offshore - Net <sup>[18]</sup>	387,035	2.28	4.34	7.59	15.49	7.59	6.27	--	--	5.74	05/01/2018
York Asian Opportunities Unit Trust - Net <sup>[18]</sup>	1,352,862	0.08	-1.06	19.69	11.05	19.69	19.88	--	--	11.42	05/01/2018
Aristeia International Ltd. - Net <sup>[9]</sup>	57,549	0.00	0.00	7.79	2.82	7.79	6.19	7.59	--	6.20	03/01/2017
Ellington Mortgage Opp Fund, Ltd. - Net <sup>[13]</sup>	1,204,504	1.38	3.13	--	--	--	--	--	--	4.50	09/01/2020
Highbridge 1992 Tactical Credit Fund - Net <sup>[19]</sup>	1,425,762	3.13	5.28	23.32	13.92	23.32	--	--	--	9.21	06/01/2019
NB Insurance-Linked Strategies Fund - Net <sup>[20]</sup>	745,724	0.23	3.39	--	6.61	--	--	--	--	6.69	03/01/2020
Two Sigma Absolute Return - Net <sup>[21]</sup>	958,983	-2.04	-5.12	--	-4.39	--	--	--	--	-4.67	02/01/2020
Autonomy Global Macro Fund - Net <sup>[22]</sup>	97,351	3.87	-6.06	-2.08	4.45	-2.08	--	--	--	-17.14	09/01/2019

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# Performance Report

## Nevada System of Higher Education

As of December 31, 2020

### Nevada System of Higher Education - Endowment - NK1K

	Market Value	One Month	Three Months	Year to Date	FYTD 06/30	Annualized					Inception Date
						One Year	Two Years	Three Years	Four Years	Since Inception	
<b>GreshamQuant - ACAR Fund, Ltd - Net</b> <sup>[17]</sup>	392,332	0.50	2.58	--	-0.75	--	--	--	--	-1.92	06/01/2020
<b>PIMCO Commodity Alpha Fund - Net</b> <sup>[21]</sup>	868,291	2.39	3.43	--	8.61	--	--	--	--	8.54	02/01/2020
<b>Real Assets - Gross</b> <sup>[23]</sup>	5,793,256	1.22	1.22	1.25	1.74	1.25	3.81	5.35	--	5.85	04/01/2017
<b>Real Assets - Net</b> <sup>[23]</sup>	5,793,256	0.89	0.89	-0.10	1.06	-0.10	2.43	3.96	--	4.46	04/01/2017
<b>Real Estate Equity Fund - Gross</b> <sup>[23]</sup>	5,793,256	1.22	1.22	1.25	1.74	1.25	3.81	5.35	--	5.85	04/01/2017
<b>Real Estate Equity Fund - Net</b> <sup>[23]</sup>	5,793,256	0.89	0.89	-0.10	1.06	-0.10	2.43	3.96	--	4.46	04/01/2017
NFI-ODCE - RITC Net (Linked) <sup>[24]</sup>	--	1.10	1.10	0.34	1.37	0.34	2.67	4.19	--	4.74	--
NFI-ODCE - RIIFL (Linked) <sup>[25]</sup>	--	1.29	1.29	1.17	1.78	1.17	3.57	5.11	--	5.72	--
<b>Fixed Income &amp; Cash - Gross</b> <sup>[3]</sup>	15,032,465	0.55	2.26	6.52	3.81	6.52	7.90	5.31	4.73	4.73	01/01/2017
<b>Fixed Income &amp; Cash - Net</b> <sup>[3]</sup>	15,032,465	0.50	2.12	5.94	3.53	5.94	7.31	4.75	4.18	4.18	01/01/2017
Custom Benchmark <sup>[26]</sup>	--	0.10	0.46	5.07	0.84	5.07	5.84	4.09	3.81	3.81	--
Bloomberg Barclays US Aggregate Bond Idx	--	0.14	0.67	7.51	1.29	7.51	8.11	5.34	4.89	4.89	--
<b>Core Bond Fund - Gross</b> <sup>[3]</sup>	9,846,915	0.41	1.95	9.75	3.50	9.75	9.90	6.32	5.73	5.73	01/01/2017
<b>Core Bond Fund - Net</b> <sup>[3]</sup>	9,846,915	0.37	1.84	9.25	3.26	9.25	9.41	5.85	5.26	5.26	01/01/2017
Bloomberg Barclays US Aggregate Bond Idx	--	0.14	0.67	7.51	1.29	7.51	8.11	5.34	4.89	4.89	--
<b>Unconstrained Bond Fund - Gross</b> <sup>[3],[27]</sup>	5,134,527	0.84	2.82	0.67	4.69	0.67	4.19	3.56	--	2.84	01/09/2017
<b>Unconstrained Bond Fund - Net</b> <sup>[3],[27]</sup>	5,134,527	0.77	2.62	-0.08	4.30	-0.08	3.41	2.79	--	2.07	01/09/2017
Bloomberg Barclays 3 Mo USD LIBOR Index	--	0.02	0.06	0.67	0.12	0.67	1.53	1.81	--	1.68	--

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## Market Value Reconciliation Nevada System of Higher Education

As of December 31, 2020

### NSHE - Primary Investment Account - SIPL

	One Month	Three Months	Year to Date	FYTD 06/30	One Year	Two Years	Three Years	Since Inception 01/01/17
Beginning Market Value (\$)	87,128,125	81,943,543	88,551,010	79,082,314	88,551,010	78,195,346	87,602,097	0
Inflows (\$)	17,910	304,521	2,180,801	304,521	2,180,801	4,909,773	6,694,355	88,042,666
Outflows (\$)	0	-1,394,978	-5,711,918	-1,555,012	-5,711,918	-11,194,269	-17,659,445	-21,819,785
Net Inflows / Outflows (\$)	17,910	-1,090,456	-3,531,117	-1,250,491	-3,531,117	-6,284,496	-10,965,090	66,222,881
Appreciation / Depreciation (\$)	3,037,442	9,330,389	5,163,582	12,351,652	5,163,582	18,272,626	13,546,469	23,959,270
Income Earned (\$)	0	0	0	0	0	0	0	1,324
Net Market Gain/Loss (\$)	3,037,442	9,330,389	5,163,582	12,351,652	5,163,582	18,272,626	13,546,469	23,960,595
Ending Market Value (\$)	90,183,476	90,183,476	90,183,476	90,183,476	90,183,476	90,183,476	90,183,476	90,183,476

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## Market Value Reconciliation Nevada System of Higher Education

As of December 31, 2020

### NSHE - Russell Investments Hedge Funds - SIPM

	One Month	Three Months	Year to Date	FYTD 06/30	One Year	Two Years	Three Years	Since Inception 01/06/17
Beginning Market Value (\$)	12,974,611	12,972,082	12,675,491	12,363,297	12,675,491	12,224,649	12,524,028	0
Inflows (\$)	0	5,130	17,729	6,816	17,729	22,739	24,451	12,087,319
Outflows (\$)	0	0	0	0	0	0	-1,292	-65,134
Net Inflows / Outflows (\$)	0	5,130	17,729	6,816	17,729	22,739	23,159	12,022,185
Appreciation / Depreciation (\$)	293,783	291,180	574,120	898,234	574,120	1,013,583	707,227	1,229,987
Income Earned (\$)	0	1	1,054	47	1,054	7,423	13,980	16,222
Net Market Gain/Loss (\$)	293,783	291,182	575,174	898,281	575,174	1,021,006	721,207	1,246,209
Ending Market Value (\$)	13,268,394	13,268,394	13,268,394	13,268,394	13,268,394	13,268,394	13,268,394	13,268,394

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## Market Value Reconciliation Nevada System of Higher Education

As of December 31, 2020

### NSHE - Russell Investments Private Capital - SIPN

	One Month	Three Months	Year to Date	FYTD 06/30	One Year	Two Years	Three Years	Since Inception 01/01/17
Beginning Market Value (\$)	12,024,995	10,958,683	12,888,637	10,484,163	12,888,637	10,798,965	11,852,372	0
Inflows (\$)	0	0	0	0	0	0	0	10,243,000
Outflows (\$)	0	-19,293	-827,095	-37,570	-827,095	-909,519	-992,709	-992,709
Net Inflows / Outflows (\$)	0	-19,293	-827,095	-37,570	-827,095	-909,519	-992,709	9,250,291
Appreciation / Depreciation (\$)	524,901	1,610,505	488,354	2,103,302	488,354	2,660,450	1,690,233	3,299,605
Income Earned (\$)	0	0	0	0	0	0	0	0
Net Market Gain/Loss (\$)	524,901	1,610,505	488,354	2,103,302	488,354	2,660,450	1,690,233	3,299,605
Ending Market Value (\$)	12,549,896	12,549,896	12,549,896	12,549,896	12,549,896	12,549,896	12,549,896	12,549,896

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# Endnotes

## Nevada System of Higher Education

As of December 31, 2020

- [1] Market value is reported one month in arrears.
- [2] Market value is as of the quarter ending 12/31/20.
- [3] Where noted Net, net of fee adjusted returns are estimated using basis point adjustments. Returns are geometrically linked and could experience compounding effects.
- [4] As of 02/01/17, the Custom Benchmark is the sum contribution of monthly benchmark returns, dynamically weighted by the component benchmarks' associated funds' monthly average balance over the aggregate monthly average balance. Custom Benchmark currently consists of: Multi-Asset Core Plus Composite Bmk, MSCI ACWI (one month arrears), Bloomberg Barclays 1-3 Month T-Bill, NFI-ODCE - RITC Net, Bloomberg Barclays Aggregate, Bloomberg Barclays 3 Month LIBOR, Zero Return.
- [5] Strategic Allocation Benchmark currently consists of: 68.0% Multi-Asset Core Plus Composite Bmk, 3.6% MSCI ACWI (one month arrears), 8.4% Bloomberg Barclays 1-3 Month T-Bill (one month arrears), 5.0% NFI-ODCE - RITC Net, 10.0% Bloomberg Barclays Aggregate, 5.0% Bloomberg Barclays 3 Month LIBOR.
- [6] Normalized Benchmark currently consists of: 52.3% MSCI ACWI IMI 50% USD Hedged Net, 3.5% ICE BofA Dev Mkts HY Constr USD Hdg, 3.5% JP Morgan EMBI Global Diversified Index, 4.2% MSCI ACWI (one month arrears), 9.7% Bloomberg Barclays 1-3 Month T-Bill (one month arrears), 2.2% Bloomberg Commodity, 2.2% FTSE EPRA Nareit Net, 2.2% S&P Gbl Infrastructure Net, 3.1% NFI-ODCE - RITC, 11.4% Bloomberg Barclays Aggregate, 5.7% Bloomberg Barclays 3 Month LIBOR.
- [7] Custom Benchmark currently consists of: 100.0% Multi-Asset Core Plus Composite Bmk.
- [8] The Multi-Asset Core Plus Composite Index is appropriate for evaluating the Fund over a 3 to 5 year horizon. It currently consists of: 75.0% MSCI ACWI IMI 50% USD Hedged Net, 5.0% Bloomberg Commodity Index, 5.0% FTSE EPRA Nareit Dev Real Estate Net, 5.0% S&P Global Infrastructure Index Net, 5.0% ICE BofA Developed Markets High Yield Constrained Index USD Hdg, 5.0% JP Morgan EMBI Global Diversified Index. Allocation changes and underlying fund additions and deletions over time will be captured in the composite index. Prior allocations available upon request.
- [9] True inception date is 02/01/17. Market values and returns are reported one month in arrears. Where noted Gross, market value and returns are reported net of underlying fund fees and gross of Russell Investment fees. Where noted Net, market value and returns are reported net of underlying fund fees and net of Russell Investment fees.
- [10] Custom Benchmark currently consists of: 30% MSCI ACWI (one month arrears), 70% Bloomberg Barclays 1-3 Month T-Bill (one month arrears).
- [11] Returns are reported one month in arrears.
- [12] Prior three months of this index are left as estimates and are subject to change. All performance prior to that is locked and is no longer subject to change. Returns are reported net of fees.
- [13] True inception date is 08/01/20. Market values and returns are reported one month in arrears. Market value and returns are reported net of underlying fund fees and gross of Russell Investment fees.
- [14] True inception date is 11/01/19. Market values and returns are reported one month in arrears. Market value and returns are reported net of underlying fund fees and gross of Russell Investment fees.
- [15] True inception date is 07/01/18. Market values and returns are reported one month in arrears. Market value and returns are reported net of underlying fund fees and gross of Russell Investment fees.
- [16] True inception date is 06/01/18. Market values and returns are reported one month in arrears. Market value and returns are reported net of underlying fund fees and gross of Russell Investment fees.

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# Endnotes

## Nevada System of Higher Education

As of December 31, 2020

- [17] True inception date is 05/01/20. Market values and returns are reported one month in arrears. Market value and returns are reported net of underlying fund fees and gross of Russell Investment fees.
- [18] True inception date is 04/01/18. Market values and returns are reported one month in arrears. Market value and returns are reported net of underlying fund fees and gross of Russell Investment fees.
- [19] True inception date is 05/01/19. Market values and returns are reported one month in arrears. Market value and returns are reported net of underlying fund fees and gross of Russell Investment fees.
- [20] True inception date is 02/01/20. Market values and returns are reported one month in arrears. Market value and returns are reported net of underlying fund fees and gross of Russell Investment fees.
- [21] True inception date is 01/01/20. Market values and returns are reported one month in arrears. Market value and returns are reported net of underlying fund fees and gross of Russell Investment fees.
- [22] True inception date is 08/01/19. Market values and returns are reported one month in arrears. Market value and returns are reported net of underlying fund fees and gross of Russell Investment fees.
- [23] Real Estate Equity Fund is valued quarterly. The market value shown is as of the quarter ending 12/31/20 while the performance is reported as of the date of the performance report. The market value is reported net of fees while returns are reported gross of fees unless otherwise noted. Fee adjusted returns are estimated using basis point adjustments. Returns are geometrically linked and could experience compounding effects.
- [24] The Fund's linked benchmark represents the returns of NCREIF Fund Index - Open End Diversified Core Equity - Equal Weight Net (NFI-ODCE-EQ Net) through June 30, 2019, and the returns of the NCREIF Fund Index - Open End Diversified Core Equity Net (NFI-ODCE Net) thereafter.
- [25] The Fund's linked benchmark represents the returns of NCREIF Fund Index - Open End Diversified Core Equity - Equal Weight - Endowment & Foundation Eligible (NFI-ODCE-EQ-E&F) through June 30, 2019, and the returns of the NCREIF Fund Index - Open-End Diversified Core Equity (NFI-ODCE) thereafter.
- [26] As of 01/06/17, the Custom Benchmark is the sum contribution of daily benchmark returns, dynamically weighted by the component primary benchmarks' associated funds' daily beginning market value over the aggregate beginning market value.
- [27] Effective December 31, 2020, the Absolute Return Fixed Income Fund was renamed the Unconstrained Bond Fund.



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