

INDEX OBJECTIVES

[ELSLRA Index]

The Elston Liquid Real Assets Index uses a strategic weighting scheme to allocate across a diverse range of liquid instruments representing real asset classes, such as listed property securities, listed infrastructure securities, asset-backed securities, natural resources, gold, commodity baskets, as well as other instruments that are directly or indirectly inflation-linked.

Key Points

- 1 Increase diversification
- 2 Protect against inflation
- 3 Constrain risk

Index Facts

Index Code	ELSLRA
Asset Class	Multi-Asset
Base Currency	GBP
Rebalancing	Quarterly
Components	ETPs
Max Holdings	16
Launch Date	31 st March 2021
ISIN	DE000SLA5NH0

Overview

This index strategy:

- Provides access to a broad portfolio of diversified real assets
- Has potential for inflation-protection characteristics over different time frames
- Combines lower-risk short-term interest-rate sensitive assets with higher-risk real assets with medium- and longer-term inflation protection characteristics to constrain risk

Applications

This strategy could provide:

- An all-in-one **diversified** real asset portfolio
- A **benchmark** for real asset strategies
- Provide a partial substitution to nominal bond exposures without increasing portfolio risk.

Licensing

- For research purposes.
- For use by funds, ETPs and portfolio providers.

THE THEORY

In addition to inflation-linked bonds, real assets can provide additional layer of inflation protection (Amenc, Martellini & Ziemann, 2010). Incorporation of real assets exposure requires trade-offs between inflation sensitivity, reliability, and risk-adjusted returns (Childers, 2011). Correlations between inflation-protective asset classes and inflation vary and depend on investment horizon, meaning different asset classes have different inflation-protective qualities over different terms (Briere & Signori 2011).

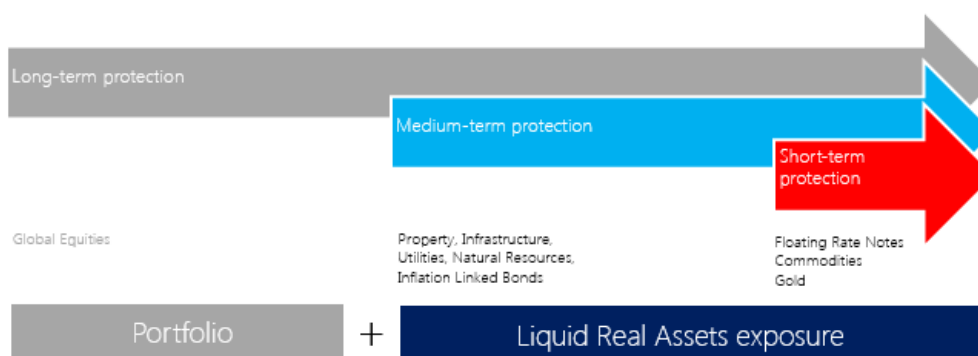
1. INCREASE DIVERSIFICATION

The index represents a range of real asset exposures that focus on providing a real income, a real value or a real difference.



2. PROTECT AGAINST INFLATION

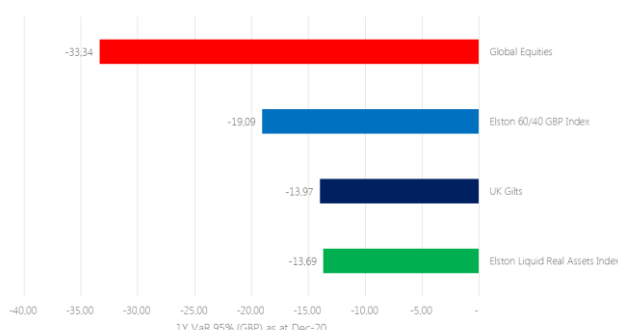
The index provides access to key exposures that enable a layered approach to inflation protection over different time-frames.



Source: Elston research, for illustration only. The Index does not provide exposure to Global Equities.

3. CONSTRAIN RISK

The index is designed to have a volatility comparable to UK gilts to enable partial substitution of bond allocations, without altering a portfolio's overall risk profile.



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