

Real Asset Sleeve in Resilient Portfolios

Investment Consulting
January 6th, 2025



We have made the following changes to the real asset sleeve in the resilient portfolios. For background, the resilient portfolio consists of a 20% allocation to the resilient sleeve, where the goal is to provide diversification and alternative sources of return. Within this resilient sleeve, the real asset sleeve accounts for 25% or 5% of the total portfolio. The intent of the changes below is to broaden diversification within the real asset sleeve and reduce investment management fees.

Asset Class	Description	Previous (%)	Current (%)
Real Estate	Vanguard Real Estate ETF (VNQ)	100	
Real Estate	iShares Core US REIT ETF (USRT)		33.3
Natural Resources	iShares North American Natural Res ETF (IGE)		33.3
Rare Earths	VanEck Rare Earth & Strat Mtls ETF (REMX)		33.3

Asset Allocation within the Real Asset Class Sleeve

Rare Earths: Rare earths are crucial components for numerous advanced applications affecting sectors ranging from the defense, healthcare, and the energy sector. Van Eck Rare Earth & Metals (REMX) invests in the underlying companies producing and extracting these rare earths. Exposure to REMX does carry a 30% weight towards Chinese equities.

Natural Resources: Likewise, we have added exposure to commodity producing equities via iShares North American Natural Resources IGE (39 bps).

Security Selection:

Real Estate: We have swapped from Vanguard Real Estate ETF (VNQ) for iShares Core US REIT ETF (USRT). This is driven by a slight reduction in expense ratios with VNQ at 11bps and USRT at 8bps.

Client Considerations: Some individual client portfolios may have either significant unrealized capital gains or other operational constraints, and as such, may not be immediately affected by these swaps. In these situations, we will watch for opportunities to make these changes over time.

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