

Russell Investments Managed Portfolio - Geared 120



The portfolio returned -4.13%^ in October. High exposure to listed growth assets – notably global and Australian equities – remains the predominant driver of returns. The Russell Investments Global Opportunities Fund delivered negative absolute and excess returns over the period. In contrast, the direct Australian equity portfolio outperformed its benchmark.

Portfolio objective

To provide capital growth over the long term consistent with a portfolio focusing solely on growth assets, while accepting fluctuations in capital values in the medium term. The portfolio typically has exposure to growth investments of around 120% as the allocation to geared investment strategies will generally be 20% of the portfolio.

Portfolio strategy

The portfolio typically invests in a diversified investment mix with exposure to approximately 120% (including exposure to geared investments) growth investments such as Australian shares, international shares, property and alternatives. The allocations to geared investment strategies will generally be 20% of the portfolio. The allocations will be actively managed within the allowable ranges depending on market conditions. The portfolio combines multi-manager strategies with ETFs and direct shares including exposure to geared investments. Russell Investments adopts a globally consistent, research-based approach to long-term asset allocation, active manager selection, multi-factor investing and dynamic portfolio management.

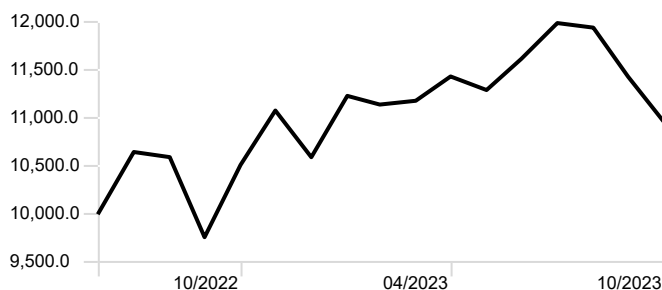
Main market highlights

Global share markets fell in October amid a continuation of the 'higher for longer' interest rate narrative that's dominated financial markets in recent months. In the US, this narrative gathered momentum on a combination of stronger-than-expected economic growth, still-high inflation and further robust labour market data. Preliminary figures showed the US economy expanded 4.9% (annualised) in the third quarter, which was more than double the 2.1% growth we saw in the second quarter. At the same time, headline inflation was unchanged at 3.7% in the year to 30 September, while the latest non-farm payrolls data revealed the US economy added 336,000 jobs in the month of September; easily beating market expectations of a 170,000 gain. Stocks were also impacted by a sharp rise in US Treasury yields and heightened geopolitical risks. Australian shares were also lower for the month, driven by speculation interest rates may need to rise further and remain higher for longer amid stickier-than-expected inflation. Headline inflation unexpectedly increased in the September quarter, with the consumer price index rising 1.2%. This was up on the 0.8% gain we saw in the previous quarter. In response, the market ramped up the odds of another rate rise at the Bank's November gathering, which it duly delivered; the Reserve Bank of Australia raising the official cash rate another 0.25% (to 4.35%).

Both global and domestic bonds were weaker for the month.

Growth of \$10,000

Time Period: 30/06/2022 to 31/10/2023



Performance Review

As of Date: 31/10/2023

	Return
1 Month	-4.13
3 Months	-8.58
1 Year	4.23
2 Years	—
3 Years	—
YTD	3.44
Since Inception	7.08

Inception date: 30/06/2022

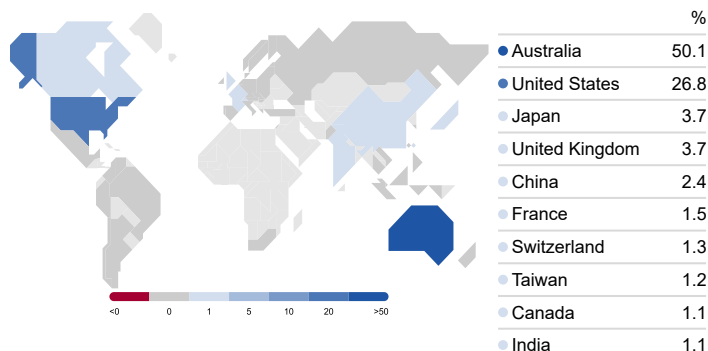
^This performance is net of management fees for both the Managed Portfolio and the underlying managers' fees and costs. It does not take into account any third party platform fees charged to individual investors or transaction costs (including buy/sell spreads and brokerage fees). It assumes income is reinvested without any tax deduction. It is for RIML's preferred model portfolio of holdings. A holding in the preferred model portfolio may be restricted or replaced with another similar asset in the Managed Portfolio on different platforms if the preferred holding is not available. Different platforms may also charge different management fees for the Managed Portfolio. This can result in variances in performance of the Managed Portfolio between platforms. An individual investor's performance will differ, according to the investor's actual exposures to Managed Portfolio holdings and other factors (including transaction timing, transaction costs, actual underlying manager fees and costs and whether income is paid in cash). Platforms will have their own methodology for calculating performance, at both a platform level and an individual investor level. Past performance is not a reliable indicator of future performance.

Please contact your platform or adviser for details of your performance or current holdings in the Managed Portfolio.

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Country Exposure

Portfolio Date: 31/10/2023



Main portfolio highlights

The direct Australian equity portfolio outperformed its benchmark, benefiting in part from stock selection within the materials space. This included a nil holding in takeover target Liontown Resources and an overweight to Lynas Rare Earths. Stock selection amongst industrials also added value; notably overweights to Aurizon Holdings and Computershare. In contrast, stock selection within the real estate space detracted from returns, driven by an overweight to Dexus. Partly offsetting this position was an overweight to industrial property giant Goodman Group. A small overweight to the broader real estate sector also weighed on returns.

In terms of global equity managers, Japan equity specialist Nissay underperformed its benchmark, driven in part by overweights to Hino Motors and Panasonic. Emerging markets specialist Redwheel also underperformed. In contrast, Numeric's low-volatility strategy contributed positively to overall performance as the low-volatility factor outperformed over the period. PineStone also performed well; the manager benefiting from strong stock selection within the healthcare, consumer discretionary and information technology sectors.

There were no material positional changes in October. Overall, the managed portfolio is aligned with its long-term asset allocation as we wait patiently for opportunities.

Asset Allocation

Portfolio Date: 31/10/2023

	%
● Cash	3.2
● Domestic Equity	51.4
● Property and Infrastructure	10.4
● International Equity	55.0
Total	119.9

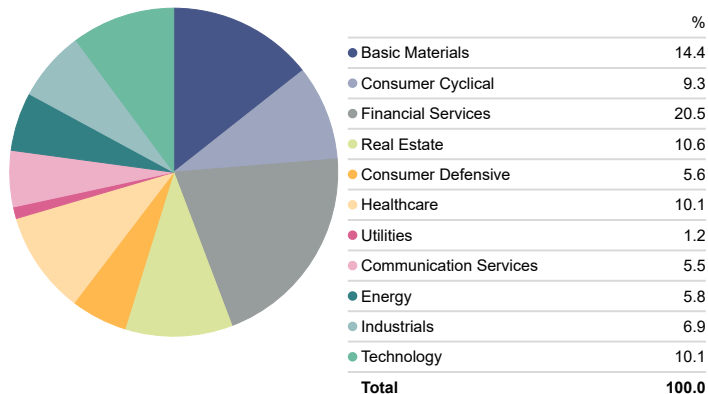
Dynamic positioning: Managing positions over the next 12-18 months

Looking ahead, we expect higher levels of volatility to continue, with active management to play an important role in navigating through it. We expect to increase growth asset exposure on major market reversals and decrease growth asset exposure on market rallies. This is a very important time to remain flexible as there are competing forces related to inflation and growth.

We retain the same themes as recent months, i.e. a preference for emerging markets over developed markets and a peer-relative overweight to global small caps.

Sector Allocation

Portfolio Date: 31/10/2023



Long-term investing: Positioning for 5 years and beyond

The portfolio has a long-term asset allocation of 120% to return generating assets (including Australian and global equities, property and infrastructure).

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Detailed Asset Allocation

Portfolio Date: 31/10/2023

	Portfolio Weighting %
Russell Global Opportunities A	17.91
Vanguard MSCI Intl (Hdg) ETF	12.17
Ausbil Australian Geared Equity	5.53
Acadian WS Geared Sustainable Gbl Eq	5.26
Vanguard All-World ex-US Shares ETF	4.44
Perpetual Geared Australian	4.29
Vanguard US Total Market Shares ETF	4.11
Vanguard Australian Property Secs ETF	4.03
Russell Global Listed Infr \$A Hedged	3.49
Vanguard FTSE Emerging Markets Shrs ETF	3.18
Vanguard International Prpty Secs IdxHdg	2.97
Vanguard MSCI Australian Small Coms ETF	2.92
FSI Wholesale Geared Share	2.77
Vanguard Global Value Equity Active ETF	1.62
iShares Core Cash ETF	1.06
iShares S&P Small-Cap ETF	0.95
Vanguard Australian Shares ETF	0.33
BHP Group Ltd	2.87
Commonwealth Bank of Australia	1.82
CSL Ltd	1.41
National Australia Bank Ltd	1.09
Westpac Banking Corp	0.92
ANZ Group Holdings Ltd	0.85
Telstra Group Ltd	0.79
Rio Tinto Ltd	0.79
Woolworths Group Ltd	0.78
Woodside Energy Group Ltd	0.75
Goodman Group	0.72
Macquarie Group Ltd	0.67
Wesfarmers Ltd	0.63
Fortescue Metals Group Ltd	0.57
Transurban Group	0.56
Cochlear Ltd	0.53
Brambles Ltd	0.52
Aristocrat Leisure Ltd	0.50
South32 Ltd	0.44
Car Group Ltd	0.42
Santos Ltd	0.42
Medibank Private Ltd	0.41
James Hardie Industries PLC	0.38
WiseTech Global Ltd	0.36
Suncorp Group Ltd	0.36
Computershare Ltd	0.33
Dexus	0.31
Sonic Healthcare Ltd	0.29
Mineral Resources Ltd	0.29

Allocations may not equal 100% due to rounding. In order to manage a fund/portfolio to its investment objectives, Russell Investments retains the discretion to change the underlying investments at any time, without notice to investors. Please refer to the relevant Product Disclosure Statement for more information.

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Contact Russell Investments

For further information about Russell Investments please visit russellinvestments.com.au

Important Information



Russell Investments Managed Portfolios have been rated Superior by SQM Research¹ for world class manager research capabilities and management of multi-asset portfolios.

¹ The rating is issued by SQM Research Pty Ltd ABN 93 122 592 036 AFSL 421913. SQM Research is an investment research firm that undertakes research on investment products exclusively for its wholesale clients, utilising a proprietary review and star rating system. The SQM Research star rating system is of a general nature and does not take into account the particular circumstances or needs of any specific person. The rating may be subject to change at any time. Only licensed financial advisers may use the SQM Research star rating system in determining whether an investment is appropriate to a person's particular circumstances or needs. You should read the product disclosure statement and consult a licensed financial adviser before making an investment decision in relation to this investment product. SQM Research receives a fee from the Fund Manager for the research and rating of the managed investment scheme.

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