

Russell Investments Managed Portfolio - Conservative



The portfolio returned 0.14%[^] in August. Positioning amongst the portfolio's more defensive assets, including Metrics Credit, global floating rate credit and the Russell Investments Australian Floating Rate Fund, contributed positively to performance. The direct Australian equity portfolio also outperformed its benchmark. In contrast, our global equity portfolio recorded negative excess returns for the month. Exposure to emerging markets equities also weighed on returns.

Portfolio objective

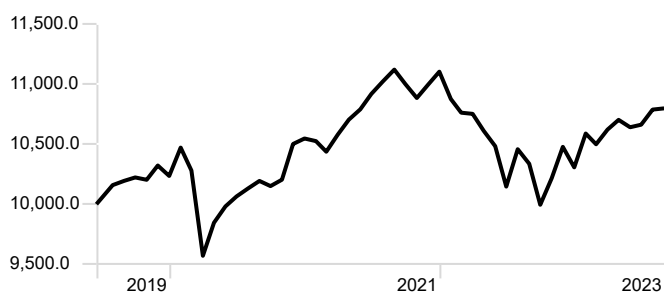
To provide returns over the short to medium term, with low volatility, consistent with a diversified mix of predominantly defensive assets and some growth oriented assets.

Portfolio strategy

The Portfolio typically invests in a diversified investment mix with exposure to growth investments of around 30% and defensive investments of around 70% over the long term, however the allocations will be actively managed within the allowable ranges depending on market conditions.

Growth of \$10,000

Time Period: 17/06/2019 to 31/08/2023



Performance Review

As of Date: 31/08/2023

| | Return |
|-----------------|--------|
| 1 Month | 0.14 |
| 3 Months | 1.48 |
| 1 Year | 4.66 |
| 2 Years | -1.40 |
| 3 Years | 2.00 |
| YTD | 4.94 |
| Since Inception | 1.88 |

Inception date: 17/06/2019

Main market highlights

Global share markets fell (in local currency terms) in August. Contributing to the decline was speculation that US interest rates will remain higher for longer amid stickier services inflation and a tighter labour market. Whilst market pricing implies the US Federal Reserve will leave interest rates on hold when it next meets in September, there is still some way to go to temper inflationary pressures. Chairman Jerome Powell, speaking at the annual Jackson Hole Symposium toward the end of the month, said the Bank is prepared to raise interest rates further if necessary and will keep them high until its convinced that inflation is on a sustainable path back toward its 2.0% target. Stocks were also impacted by concerns over China's growth prospects. Australian shares also fell over the period, driven in part by concerns over the deteriorating economic outlook in China; our largest trading partner. Stocks were also impacted by weakness across the major miners and a poor lead from major developed markets. In contrast, the local market benefited from the Reserve Bank of Australia's decision to leave interest rates on hold at 4.10% following its early August gathering and a series of mostly encouraging earnings updates.

Global bonds were slightly weaker for the month, while Australian bonds made reasonable gains.

Main portfolio highlights

The direct Australian equity portfolio outperformed its benchmark, benefiting from stock selection within the healthcare space. This included an overweight to Cochlear and an underweight to Ramsay Health Care. Stock selection within communication services also added value; notably an overweight to Carsales.com, which performed well on the back of better-than-expected earnings. Stock selection within consumer staples added further value over the period, particularly amongst the major grocery retailers. This included an overweight to Woolworths and an underweight to Coles.

Within the fixed income portfolio, the Russell Investments Australian Bond Fund delivered positive absolute and excess returns for the month, benefiting in part from its long duration bias. Metrics Credit outperformed traditional bonds, with Australian loans continuing to generate income-like returns. The Russell Investments Australian Floating Rate Fund also performed well. In contrast, the Russell Investments International Bond Fund – \$A Hedged narrowly underperformed its benchmark.

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

[^]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.

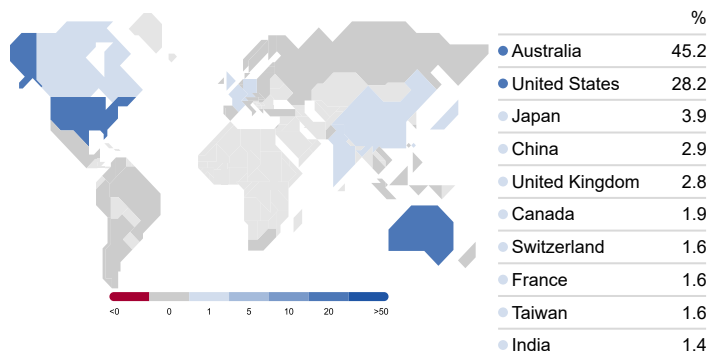
Please contact your platform or adviser for details of your performance or current holdings in the Managed Portfolio.

Russell Investments Managed Portfolio - Conservative



Country Exposure

Portfolio Date: 31/08/2023



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

We believe the main uncertainty for markets is the outlook for the US economy. Whilst economic data so far this year has proven more resilient than markets initially expected, our base case remains that a recession in the US is more likely than not. Inflation globally should continue to ease as demand slows, allowing central banks to hit the pause button. Nonetheless, heightened short-term market volatility is likely to remain given responses across markets to ongoing inflation prints and central bank interest rate decisions.

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.

Long-term investing: Positioning for 5 years and beyond

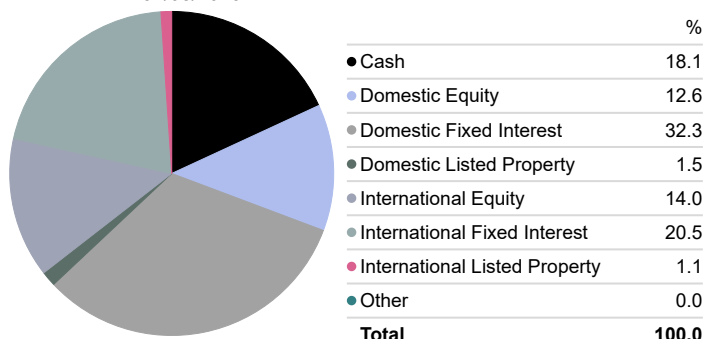
Defensive assets such as fixed income and cash have an allocation of 67% in the portfolio. A tilt toward credit further enhances the long-term return potential, but also increases the risk of losses. Credit spreads have widened, providing additional yield over Treasuries. Government bonds have recently begun to show signs of value across some markets and are now offering much higher yields than at the beginning of 2022.

The portfolio has a long-term asset allocation of 33% to return generating assets (including high yield debt and other extended fixed income). Growth asset valuations have decreased significantly year to date but are marginally higher than long-term averages in the US and similar to long-term averages across other developed markets, such as Australia. Long term forward looking return expectations for US shares and high-yield debt have improved during the year, but the economic outlook creates uncertainty in the near term. Given this, growth assets are still preferred due to superior returns relative to defensive assets over the medium term.

Strategically, the portfolio has positions in cheaper and higher momentum securities as per our researched beliefs.

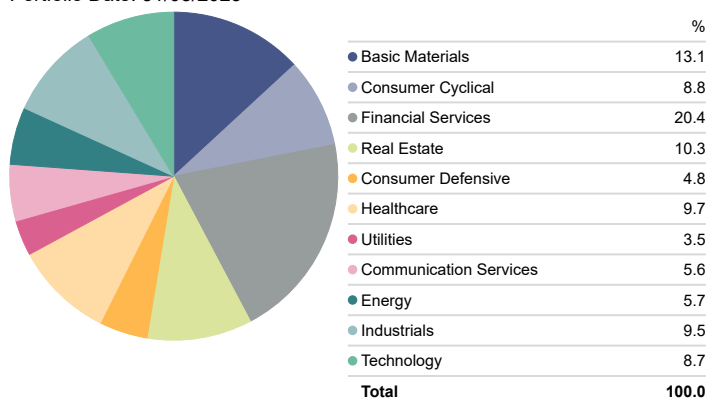
Asset Allocation

Portfolio Date: 31/08/2023



Sector Allocation

Portfolio Date: 31/08/2023



Russell Investments Managed Portfolio - Conservative



Detailed Asset Allocation

Portfolio Date: 31/08/2023

| | Portfolio Weighting % |
|--|-----------------------|
| Russell Inv Multi-Asset Income Strategy | 34.82 |
| iShares Core Cash ETF | 13.65 |
| Russell Inv Australian Government Bd ETF | 10.27 |
| Vanguard Global Aggregate Bd Hdg ETF | 8.41 |
| Vanguard Intl Credit Secs (Hdg) ETF | 4.72 |
| Vanguard All-World ex-US Shares ETF | 3.97 |
| Russell Inv Australian Select CorpBd ETF | 3.55 |
| Vanguard US Total Market Shares ETF | 2.44 |
| Russell Inv Australian Semi-Govt Bd ETF | 1.98 |
| iShares S&P Small-Cap ETF | 1.12 |
| Vanguard FTSE Emerging Markets Shrs ETF | 1.00 |
| iShares JP Morgan USD EmMkts Bd AUDH ETF | 0.97 |
| Vanguard Global Infrastructure Index Hgd | 0.86 |
| Vanguard International Prpty Secs IdxHdg | 0.84 |
| Vanguard Australian Property Secs ETF | 0.55 |
| BHP Group Ltd | 1.08 |
| Commonwealth Bank of Australia | 0.86 |
| CSL Ltd | 0.66 |
| National Australia Bank Ltd | 0.48 |
| ANZ Group Holdings Ltd | 0.41 |
| Westpac Banking Corp | 0.40 |
| Transurban Group | 0.37 |
| Woodside Energy Group Ltd | 0.36 |
| Macquarie Group Ltd | 0.35 |
| Wesfarmers Ltd | 0.31 |
| Woolworths Group Ltd | 0.29 |
| Rio Tinto Ltd | 0.28 |
| Goodman Group | 0.25 |
| Telstra Group Ltd | 0.25 |
| James Hardie Industries PLC | 0.22 |
| Cochlear Ltd | 0.21 |
| Fortescue Metals Group Ltd | 0.20 |
| Aristocrat Leisure Ltd | 0.20 |
| Suncorp Group Ltd | 0.18 |
| Carsales.com Ltd | 0.18 |
| Santos Ltd | 0.17 |
| Computershare Ltd | 0.15 |
| South32 Ltd | 0.14 |
| Dexus | 0.13 |
| Mineral Resources Ltd | 0.13 |
| Mirvac Group | 0.13 |
| Sonic Healthcare Ltd | 0.13 |
| Aurizon Holdings Ltd | 0.13 |
| Harvey Norman Holdings Ltd | 0.13 |
| Lynas Rare Earths Ltd | 0.11 |

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.

FOR FINANCIAL PROFESSIONAL USE ONLY

Russell Investments Managed Portfolio - Conservative



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.

Issued by Russell Investment Management Ltd ABN 53 068 338 974, AFSL 247185 (RIM). This document provides general information for financial advisers only. It must not be passed onto any retail client. This document contains factual information only. The information provided is not intended to imply any recommendation or opinion about a financial product. RIM is not providing financial product advice in this document. It has not been prepared having regard to any investor's objectives, financial situation or needs. Before making an investment decision, an investor must obtain advice from a financial adviser and consider whether that advice is appropriate to their objectives, financial situation or needs. This information has been compiled from sources considered to be reliable but is not guaranteed. Past performance is not a reliable indicator of future performance. Any potential investor should also consider the latest financial product disclosure statement in respect of the Managed Portfolio ("Disclosure Document") in deciding whether to make, or continue to hold, an investment in the Managed Portfolio. The Disclosure Document can be obtained by contacting a financial adviser or the relevant platform operator(s) offering the Managed Portfolio.

To the extent permitted by law, no liability is accepted for any loss or damage as a result of reliance on this information. This material does not constitute professional advice or opinion and is not intended to be used as the basis for making an investment decision.

This work is copyright 2023. Apart from any use permitted under the Copyright Act 1968, no part may be reproduced by any process, nor may any other exclusive right be exercised, without the permission of Russell Investment Management Ltd.

© 2023 Morningstar, Inc. All rights reserved. Neither Morningstar, its affiliates, nor their content providers guarantee the data or content contained herein to be accurate, complete, or timely nor will they have any liability for its use or distribution. Any general advice or 'regulated financial advice' under New Zealand law has been prepared by Morningstar Australasia Pty Ltd (ABN: 95 090 665 544, AFSL: 240892) and/or Morningstar Research Ltd, subsidiaries of Morningstar, Inc, without reference to your objectives, financial situation or needs. For more information refer to our Financial Services Guide (AU) and Financial Advice Provider Disclosure Statement (NZ) at www.morningstar.com.au/s/fsg.pdf and www.morningstar.com.au/mca/s/fapds.pdf. You should consider the advice in light of these matters and if applicable, the relevant Product Disclosure Statements before making any decision to invest. Our publications, ratings and products should be reviewed as an additional investment resource, not as your sole source of information. Morningstar's full research reports are the source of any Morningstar Ratings and are available from Morningstar or your adviser. Past performance does not necessarily indicate a financial product's future performance. To obtain advice tailored to your situation, contact a professional adviser. Some material is copyright and published under licence from ASX Operations Pty Ltd ACN 004 523 782.