

# Russell Investments Managed Portfolio - High Growth



The portfolio returned 1.84%^ in January. The direct Australian equity portfolio contributed positively to performance over the period. Partly offsetting this was our global equities exposure.

### Portfolio objective

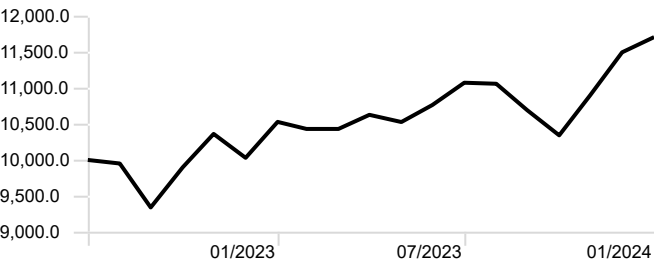
To provide capital growth over the long term consistent with a portfolio focusing solely on growth assets, while accepting fluctuations in capital values in the medium term.

### Portfolio strategy

The portfolio is a dynamic cost-effective multi-asset portfolio with approximately 98% growth assets and 2% defensive assets. The focus for this portfolio is to provide long-term returns and to manage investment risks over time.

### Growth of \$10,000

Time Period: 31/07/2022 to 31/01/2024



### Performance Review

As of Date: 31/01/2024

	Return
1 Month	1.84
3 Months	13.23
1 Year	11.21
2 Years	—
3 Years	—
YTD	1.84
Since Inception	11.08

Inception date: 31/07/2022

### Main market highlights

Global share markets made good gains in January. Stocks continued to be influenced in large part by the outlook for global interest rates. In the US, the Federal Reserve (Fed) maintained its benchmark fed funds rate at a target range of between 5.25% and 5.50% following its latest gathering. Speaking after the meeting, chairman Jerome Powell said it will be appropriate to start lowering interest rates sometime this year; though he wouldn't be drawn on specific timing. However, he did add that he doesn't believe a March rate cut is likely as the Bank has yet to reach a point where it's confident that inflation is coming down sustainably toward its 2.0% target. It was only last month that investors bet the Fed would cut interest rates six times, or 1.50%, in 2024; the first of which was penciled in for March. Interest rates also remained on hold in the UK and Europe; though investors are still betting on multiple rate cuts in both regions despite policymakers' warnings that inflation is still too high. Australian shares also performed well as investors upped their bets that the Reserve Bank of Australia will start cutting interest rates sooner following the release of the latest (quarterly) inflation figures.

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

^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.

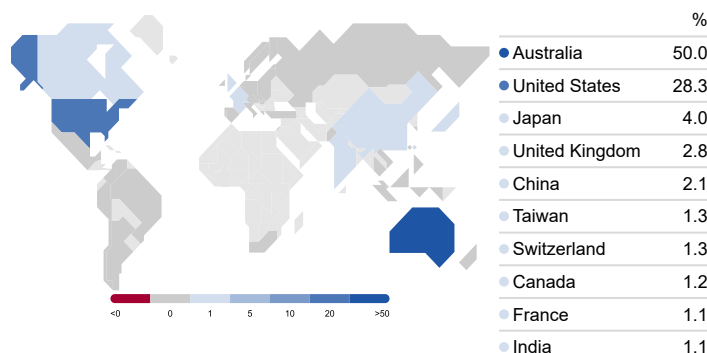
Please contact your platform or adviser for details of your performance or current holdings in the Managed Portfolio.

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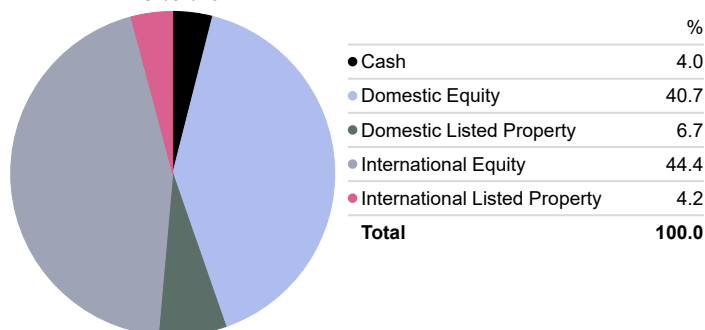
## Country Exposure

Portfolio Date: 31/01/2024



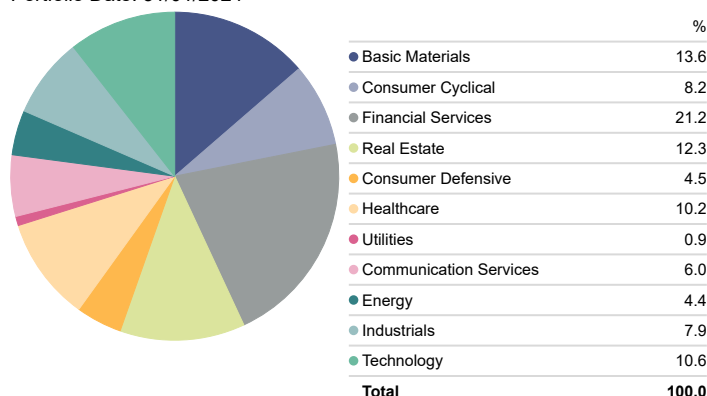
## Asset Allocation

Portfolio Date: 31/01/2024



## Sector Allocation

Portfolio Date: 31/01/2024



## Main portfolio highlights

The direct Australian equity portfolio modestly outperformed its benchmark, benefiting in part from stock selection within the consumer discretionary space. This included an overweight to gaming machine maker Aristocrat Leisure and an underweight to Domino's Pizza. Stock selection amongst materials also added value, including overweights to Fortescue, James Hardie Industries and Incitec Pivot. Partly offsetting this was our broader overweight to the sector, which underperformed the wider market in January. Performance was further impacted by stock selection within the healthcare sector; notably an overweight to Ansell and an underweight to ResMed, which extended its recent bounce over the period.

In terms of global equity managers, Japan equity specialist Nissay Asset Management underperformed its benchmark, driven in part by underweights to car maker Toyota Motor and Hitachi. Emerging markets specialist Oaktree Capital also underperformed; the manager impacted in part by an overweight to Brazilian iron ore major Vale S.A. In contrast, growth manager Wellington and quant manager Numeric both performed well over the period.

With regard to Australian equity managers, the Russell Investments Australian Opportunities Fund (RAOF) underperformed the benchmark. Within RAOF, Firetrail and Platypus underperformed; the latter in particular impacted by an underweight to the strong-performing financials space. In contrast, Allan Gray and L1 Capital's Catalyst strategy outperformed in January; the two managers both benefiting from strong stock selection amongst materials.

There were no material positional changes in January.

Overall, the managed portfolio is aligned with its long-term asset allocation as we wait patiently for opportunities.

## 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 has so far proven more resilient than markets initially expected, we believe the risk of a recession in the US over the next 12 to 18 months remains elevated. US core inflation has trended lower over the past year but remains well above the Fed's 2.0% target. The key question now is how long will it take for core inflation to settle closer to the central bank's target? Fears that monetary policy will remain too restrictive for too long have eased due to the recent decline in core inflation, however until we see core inflation reach the Fed's target, markets may remain volatile.

We retain the same themes as recent months, i.e. a preference for less expensive equity markets versus US equities and peer-relative overweights to global small caps and the value factor.

## Long-term investing: Positioning for 5 years and beyond

**The portfolio has a long-term asset allocation of 98% to return generating assets.** Growth asset valuations have increased year to date but are below pre-pandemic levels. Long-term, forward-looking return expectations for US shares and high-yield debt have moderated. The economic outlook creates uncertainty in the near term, however in the long term, growth assets are still preferred due to superior returns relative to defensive assets.

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

**There is a cash allocation of 2% in the portfolio.**

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## Detailed Asset Allocation

Portfolio Date: 31/01/2024

	Portfolio Weighting %
Russell Global Opportunities A	18.62
Vanguard MSCI Intl (Hdg) ETF	11.91
Vanguard MSCI Australian Small Coms ETF	4.61
Vanguard Australian Property Secs ETF	4.31
Vanguard International Prpty Secs IdxHdg	3.79
Vanguard All-World ex-US Shares ETF	3.47
Russell Global Listed Infr \$A Hedged	2.87
Vanguard FTSE Emerging Markets Shrs ETF	2.80
Vanguard US Total Market Shares ETF	2.38
Vanguard Global Value Equity Active ETF	2.34
iShares S&P Small-Cap ETF	2.16
iShares Core Cash ETF	0.85
Vanguard Australian Shares ETF	0.58
BHP Group Ltd	4.87
Commonwealth Bank of Australia	3.55
CSL Ltd	2.93
National Australia Bank Ltd	2.05
Westpac Banking Corp	1.80
ANZ Group Holdings Ltd	1.57
Goodman Group	1.43
Rio Tinto Ltd	1.38
Telstra Group Ltd	1.35
Fortescue Ltd	1.30
Woolworths Group Ltd	1.29
Macquarie Group Ltd	1.27
Wesfarmers Ltd	1.16
Woodside Energy Group Ltd	1.14
Transurban Group	1.06
Cochlear Ltd	0.99
Aristocrat Leisure Ltd	0.93
Brambles Ltd	0.92
James Hardie Industries PLC	0.90
Car Group Ltd	0.83
WiseTech Global Ltd	0.73
Medibank Private Ltd	0.72
South32 Ltd	0.70
Suncorp Group Ltd	0.61
Santos Ltd	0.60
Computershare Ltd	0.54
Sonic Healthcare Ltd	0.54
Dexus	0.53
Mineral Resources Ltd	0.47

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**Superior**



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