

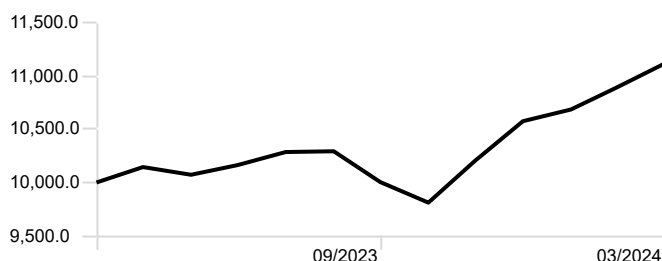
# Russell Investments Sustainable Managed Portfolio - Diversified 50



The portfolio returned 5.08%<sup>^</sup> in the March quarter. The direct Australian equity ESG portfolio contributed positively to performance over the period. Our global equities, credit and Australian fixed income exposures also added value. The portfolio's exposures to global listed infrastructure and Australian listed property were also positive for the quarter.

## Growth of \$10,000

Time Period: Since Inception to 31/03/2024



## Performance Review

As of Date: 31/03/2024

	Return
1 Month	2.07
3 Months	5.08
1 Year	11.11
2 Years	—
3 Years	—
YTD	5.08
Since Inception	11.09

Inception date: 31/03/2023

<sup>^</sup>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.

## Portfolio objective

To provide returns over the medium term, with moderate volatility, consistent with a diversified mix of defensive and growth-oriented assets. The portfolio aims to provide exposure to predominantly sustainable investment strategies and outperform the benchmark, after fees, over a rolling 4-year period.

## Portfolio strategy

The portfolio typically invests in a diversified investment mix of predominantly sustainable investment strategies with exposure to growth investments of around 50% such as Australian shares, international shares, property, infrastructure and alternatives; and defensive investments of around 50% such as cash and fixed interest over the long term. These allocations will be actively managed within the allowable ranges depending on market conditions.

## Main market highlights

Global share markets made strong gains in the March quarter. 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% throughout the period. Speaking after the Bank's January gathering, chairman Jerome Powell acknowledged that it would be appropriate to start lowering interest rates sometime this year; though he wouldn't be drawn on specific timing. He did add, however, that a March rate cut was unlikely as the Bank had yet to reach a point where it was confident that inflation was coming down sustainably toward its 2.0% target. He also reiterated that the Fed sees just three interest rate cuts this year. At the time, the market was betting the Fed would cut rates six times in 2024; the first of which was pencilled in for March. Powell went on to say that whilst the Fed believes interest rates have peaked for this tightening cycle, policymakers remain wary of cutting rates too quickly as doing so could potentially cause inflation to reaccelerate. We saw a similar theme play out in the UK and Europe. Meanwhile, the Bank of Japan raised interest rates for the first time in 17 years in March. Australian shares also performed well. Much of the local market's gains came toward the end of the period after the Reserve Bank of Australia adopted a slightly less hawkish stance on interest rates following its March gathering. Stocks also benefited from a series of surprisingly robust earnings results and a strong lead from major overseas markets.

Global bonds were slightly weaker for the quarter, while Australian bonds recorded modest gains.

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

**The portfolio has a long-term asset allocation of 56% to growth 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.

**Defensive assets such as fixed income and cash have an allocation of 44% in the portfolio.** A tilt toward credit further enhances the long-term return potential, but also increases the risk of losses. Credit spreads have narrowed and are near their long-term averages. Government bonds are cheap across some markets and are now offering much higher yields than at the beginning of 2022.

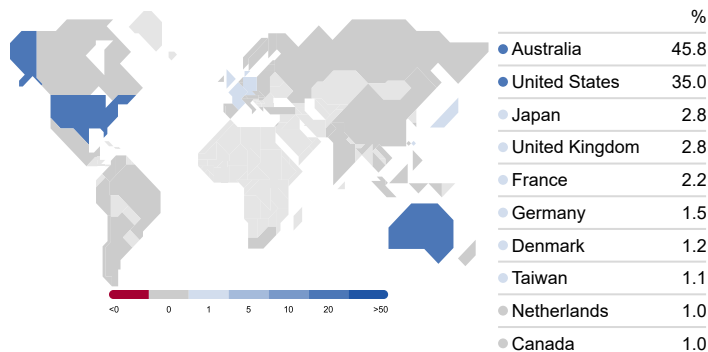
**Strategically, the portfolio has positions in cheaper and higher momentum securities per our research.**

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## Country Exposure

Portfolio Date: 31/03/2024



## Main portfolio highlights

The direct Australian equity ESG portfolio significantly outperformed its benchmark, benefiting in part from strong stock selection within the materials space. This included a structurally imposed underweight to iron ore major BHP Group, which fell on the back of weaker iron ore prices, and overweights to Iluka Resources and James Hardie Industries. Stock selection amongst industrials also added value; notably a sizable overweight to Brambles, which rallied in the wake of better-than-expected earnings. Stock selection within the consumer discretionary sector, including an overweight to electronics retailer JB Hi-Fi, and an overweight to the strong-performing information technology space added further value over the period.

Mirova's Global Sustainable Equity No.2 Fund outperformed its benchmark. Stock selection within the information technology space contributed positively to performance, including overweights to US chip maker NVIDIA and Taiwan Semiconductor Manufacturing Co. Stock selection within the healthcare sector also added value; notably an overweight to Eli Lilly & Co. An underweight to financials added further value over the period.

The Russell Investments Low Carbon Global Shares Fund performed in line with its benchmark. The Fund benefited from its exclusion of tobacco manufacturers and companies involved in defence contracting, however this was offset by stock selection within the information technology space and our structural underweight to the energy sector.

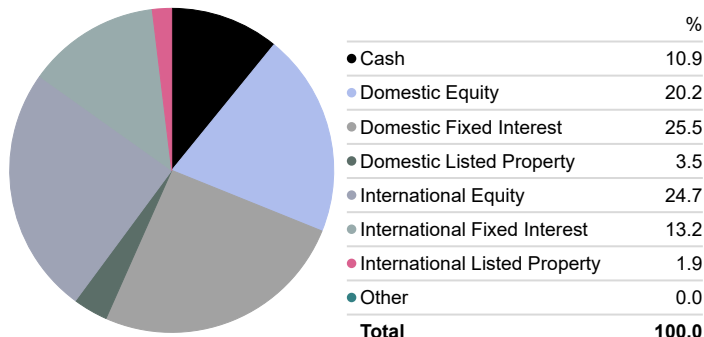
The Impax Sustainable Leaders strategy underperformed its benchmark, driven in part by a sizable overweight to the materials space. Overweights to US software company Ansys, Inc. and UK automotive firm Aptiv also weighed on returns. In contrast, the strategy benefited from stock selection amongst industrials, including overweights to US names United Rentals and Waste Management.

Pendal's Sustainable Australian Fixed Interest Fund outperformed its benchmark. The Fund continued to benefit from non-government positioning.

During the quarter, we rebalanced the direct Australian equity ESG portfolio as part of the regular review cycle. We also reduced the portfolio's allocations to Australian equities, global fixed income, credit and listed infrastructure. We did this in favour of cash, which will provide additional defensive exposure should global and domestic growth slow as expected.

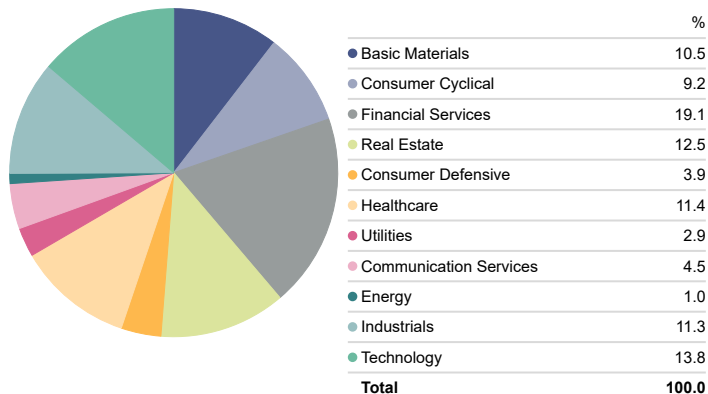
## Asset Allocation

Portfolio Date: 31/03/2024



## Sector Allocation

Portfolio Date: 31/03/2024



# Russell Investments Sustainable Managed Portfolio - Diversified 50



## Detailed Asset Allocation

Portfolio Date: 31/03/2024

	Portfolio Weighting %
Pendal Sustainable Aust Fixed Interest	11.47
Vanguard Etclly Cons Gbl Aggt Bd H ETF	10.43
iShares Core Cash ETF	7.26
Russell Invmts Low Carbon Glb Shrs A	6.46
Mirova Global Sustainable Equity Fund	6.04
Russell Invmts Low Carbon Glb Shrs AUDH	5.83
Altius Sustainable Short Term Income Ord	5.29
Altius Green Bond Ordinary	4.77
Impax Sustainable Leaders Fund A	4.60
Perpetual ESG Australia Share	3.57
Regnan Credit Impact Trust	2.93
Robeco SDG Credit Income (AUD Hdg) C	2.92
Ausbil Active Sustainable Equity	2.81
Alphinity Sustainable Share	2.76
Vanguard Australian Property Secs ETF	2.55
Russell Intl Property Secs Hedged A	2.27
Ardea Real Outcome Fund	1.86
First Sentier Responsible Listed Infrs	1.35
Commonwealth Bank of Australia	1.25
CSL Ltd	0.91
National Australia Bank Ltd	0.81
Wesfarmers Ltd	0.78
ANZ Group Holdings Ltd	0.77
Westpac Banking Corp	0.69
Telstra Group Ltd	0.56
Rio Tinto Ltd	0.54
Fortescue Ltd	0.50
Brambles Ltd	0.46
JB Hi Fi Ltd	0.42
QBE Insurance Group Ltd	0.39
Goodman Group	0.38
Transurban Group	0.37
Sonic Healthcare Ltd	0.36
James Hardie Industries PLC	0.35
BlueScope Steel Ltd	0.35
Woolworths Group Ltd	0.35
Amtcor PLC	0.28
Technology One Ltd	0.28
WiseTech Global Ltd	0.27
Northern Star Resources Ltd	0.26
Macquarie Group Ltd	0.25
Medibank Private Ltd	0.25
Coles Group Ltd	0.24
Stockland Corp Ltd	0.21
Evolution Mining Ltd	0.20
Iluka Resources Ltd	0.20
Pilbara Minerals Ltd	0.19
Lynas Rare Earths Ltd	0.17

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