

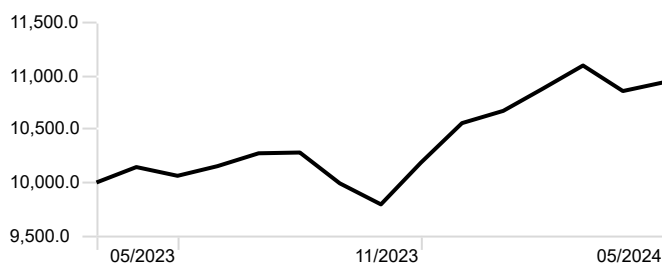
# Russell Investments Sustainable Managed Portfolio - Diversified 50



The portfolio returned 0.76%<sup>^</sup> in the three months to 31 May. Our global equities and emerging markets exposures contributed positively to performance over the period. The portfolio's exposures to global listed infrastructure and global and Australian listed property also added value. In contrast, the direct Australian equity ESG portfolio detracted from overall returns. Our global and Australian traditional fixed income exposures also weighed on performance as government bond yields rose throughout the period.

## Growth of \$10,000

Time Period: Since Inception to 31/05/2024



## Performance Review

As of Date: 31/05/2024

	Return
1 Month	0.76
3 Months	0.60
1 Year	8.71
2 Years	—
3 Years	—
YTD	3.62
Since Inception	7.98

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 good gains over the period, driven largely by central bank activity. In the US, the Federal Reserve (Fed) left its benchmark fed funds rate on hold at a target range of between 5.25% and 5.50% but signalled in May that interest rates are likely to remain higher for longer amid still 'sticky' inflation. Speaking after the Fed's latest gathering, chairman Jerome Powell acknowledged that while inflation has moderated over the past year or so, it nonetheless remains elevated, and that policymakers remain mindful of the lack of further progress toward the Bank's 2.0% inflation target in recent months. Encouragingly, though, Powell said he believes current monetary policy is sufficiently restrictive to achieve the Bank's inflation goal and ruled out another rate increase this year, saying it's unlikely the Fed's next move will be a hike. Stocks rallied on the back of his comments, which were interpreted as less hawkish than initially feared given the recent run of data that showed inflation creeping higher. Share markets also benefited from strong gains across major US technology names and another series of mostly positive corporate updates. Emerging markets outperformed their global counterparts. Australian shares also performed well over the period. We saw a similar theme locally, with stocks continuing to be influenced largely by central bank activity and the outlook for domestic interest rates. The local market also benefited from a series of encouraging earnings results and a strong lead from major overseas markets.

Both global and Australian bonds weakened over the period, albeit modestly.

## 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.

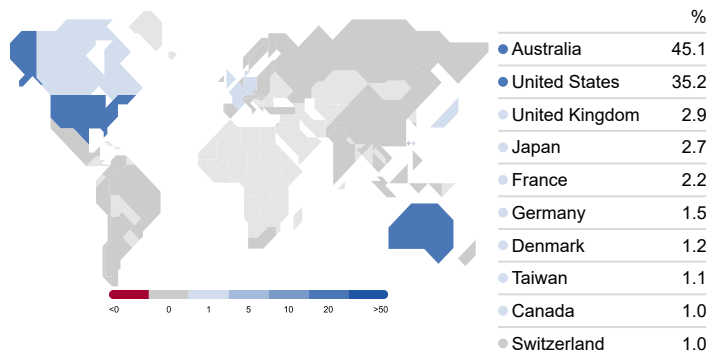
**Strategically, the portfolio has positions in cheaper and higher momentum securities per our research.**

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## Country Exposure

Portfolio Date: 31/05/2024



## Main portfolio highlights

The direct Australian equity ESG portfolio underperformed its benchmark, driven largely by stock selection within the materials and healthcare sectors. Amongst materials, a structural underweight to mining giant BHP Group weighed the most on returns, while in the healthcare space a modest overweight to Sonic Healthcare was the main detractor; the stock falling on the back of a disappointing earnings update. In contrast, the portfolio benefited from an overweight to industrial property giant Goodman Group. Goodman Group performed well; due in part to its large data centre pipeline, which has given the stock more growth exposure than a typical real estate investment trust. The growth side of the market continued to rally over the period.

Mirova's Global Sustainable Equity No.2 Fund outperformed its benchmark, benefiting from stock selection within the consumer discretionary space; notably an overweight to e-commerce platform eBay. Stock selection amongst utilities also added value; including an overweight to NextEra Energy.

The Russell Investments Low Carbon Global Shares Fund narrowly outperformed its benchmark, driven in part by stock selection within the consumer discretionary sector. This included overweights to Chinese e-commerce platform JD.com and South African internet company Naspers.

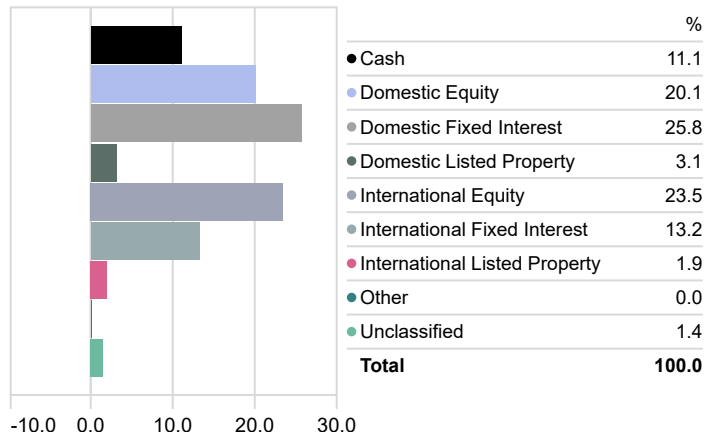
The Impax Sustainable Leaders strategy outperformed its benchmark, benefiting from sizable overweights to more cyclical areas of the market; notably industrials and materials. Both sectors generated strong returns over the period.

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

There were no material positional changes over the period.

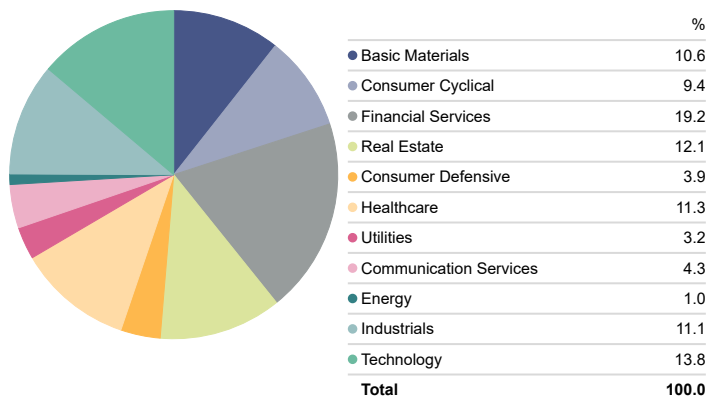
## Asset Allocation

Portfolio Date: 31/05/2024



## Sector Allocation

Portfolio Date: 31/05/2024



# Russell Investments Sustainable Managed Portfolio - Diversified 50



## Detailed Asset Allocation

Portfolio Date: 31/05/2024

	Portfolio Weighting %
Pendal Sustainable Aust Fixed Interest	11.46
Vanguard Etclly Cons Gbl Aggt Bd H ETF	10.46
iShares Core Cash ETF	7.42
Russell Invmts Low Carbon Glb Shrs A	6.47
Mirova Global Sustainable Equity Fund	6.09
Russell Invmts Low Carbon Glb Shrs AUDH	5.95
Altius Sustainable Short Term Income Ord	5.42
Altius Green Bond Ordinary	4.73
Impax Sustainable Leaders Fund A	4.54
Perpetual ESG Australia Share	3.42
Regnan Credit Impact Trust	3.00
Robeco SDG Credit Income (AUD Hdg) C	2.96
Ausbil Active Sustainable Equity	2.77
Alphinity Sustainable Share	2.72
Vanguard Australian Property Secs ETF	2.44
Russell Intl Property Secs Hedged A	2.24
Ardea Real Outcome Fund	1.90
First Sentier Responsible Listed Infrs	1.41
Commonwealth Bank of Australia	1.26
CSL Ltd	0.90
National Australia Bank Ltd	0.83
ANZ Group Holdings Ltd	0.78
Wesfarmers Ltd	0.75
Westpac Banking Corp	0.72
Rio Tinto Ltd	0.58
Telstra Group Ltd	0.51
Fortescue Ltd	0.49
Brambles Ltd	0.41
QBE Insurance Group Ltd	0.39
JB Hi Fi Ltd	0.38
Goodman Group	0.38
Transurban Group	0.35
Woolworths Group Ltd	0.34
BlueScope Steel Ltd	0.31
Sonic Healthcare Ltd	0.30
Ancor PLC	0.30
Technology One Ltd	0.30
WiseTech Global Ltd	0.28
James Hardie Industries PLC	0.27
Northern Star Resources Ltd	0.27
Medibank Private Ltd	0.25
Macquarie Group Ltd	0.25
Coles Group Ltd	0.24
Evolution Mining Ltd	0.23
Lynas Rare Earths Ltd	0.20
Iluka Resources Ltd	0.20
Stockland Corp Ltd	0.19
Pilbara Minerals Ltd	0.19

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