

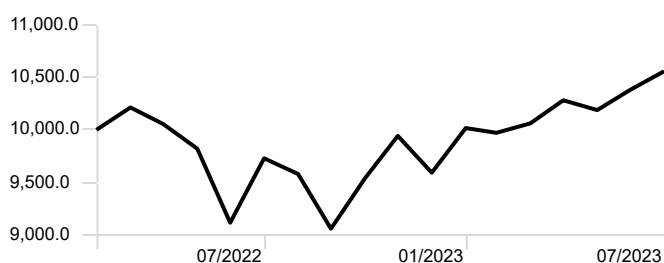
# Russell Investments Sustainable Managed Portfolio - Growth



The portfolio returned 1.70%^ in July. Our equity portfolio delivered positive absolute returns over the period; though our Australian equities exposure accounted for much of this positive performance. The portfolio's listed property exposure also performed well, with the sector extending its recent gains. We continue to favour listed property as we believe the asset class offers attractive value. Our corporate debt exposure added further value; the sector outperforming traditional global fixed income assets in July.

## Growth of \$10,000

Time Period: Since Inception to 31/07/2023



## Performance Review

As of Date: 31/07/2023

	Return
1 Month	1.70
3 Months	2.68
1 Year	8.51
2 Years	—
3 Years	—
YTD	10.05
Since Inception	3.89

Inception date: 28/02/2022

^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.

## Portfolio objective

The managed portfolio aims to provide returns over the medium to long term, with moderate to high volatility, consistent with a diversified mix of predominantly growth-oriented assets and some defensive assets. The managed portfolio aims to outperform the benchmark over the long term.

## Portfolio strategy

The portfolio typically invests in a diversified investment mix of predominantly sustainable investment strategies with exposure to growth investments of around 90% such as Australian Investment strategy and approach shares, international shares, property, infrastructure and alternatives; and defensive investments of around 10% 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 in July, benefiting from speculation the US Federal Reserve (Fed) may be nearing the end of its rate-hiking cycle. The Fed lifted interest rates another 0.25% late in the period, however the market's reaction to the move was relatively muted as investors – buoyed by the latest inflation figures – bet instead that the Bank may actually be done with raising rates altogether. Both headline and core inflation in the US continued to ease in the 12 months to 30 June. Investors were also encouraged by Fed Chairman Jerome Powell's July post-meeting comments; the Bank's chief noting that whilst it's certainly possible the Bank could raise interest rates again when it next meets in September, it's also possible the Bank could choose to hold rates steady. Much will depend on upcoming economic data. Stocks also benefited from a series of surprisingly strong US earnings updates. Australian shares performed well in July, driven in part by the Reserve Bank of Australia (RBA)'s decision to leave the official cash rate on hold at 4.10% early in the period. The local market also benefited from easing inflation and speculation the RBA may be approaching the end of its own rate tightening cycle.

Global bonds were flat for the month, while Australian bonds recorded only modest gains in July.

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

**The portfolio has a long-term asset allocation of 85% 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 15% 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.

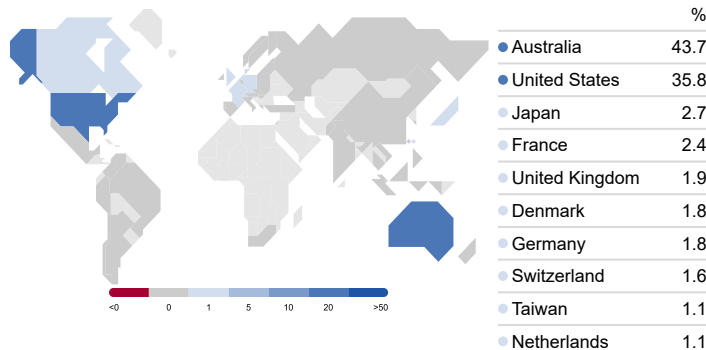
**Strategically, the portfolio has positions in cheaper and higher momentum securities per our research.**

# Russell Investments Sustainable Managed Portfolio - Growth



## Country Exposure

Portfolio Date: 31/07/2023



## Main portfolio highlights

The direct Australian equity portfolio underperformed its benchmark, driven largely by a sizable underweight to the energy space. The energy sector performed well amid a near-16% rise in oil prices. Stock selection within materials also weighed on returns. This included overweights to miners Fortescue Metals Group, IGO Ltd. and new addition to the portfolio, Iluka Resources. Partly offsetting these positions were overweights to BlueScope Steel, James Hardie Industries and another new addition to the portfolio, Evolution Mining. In contrast, stock selection amongst financials added value over the period; notably overweights to the 'Big Four' banks (CBA, NAB, Westpac and ANZ).

Mirova's Global Sustainable Equity No.2 Fund underperformed its benchmark, driven in part by stock selection within financials, materials and utilities; the latter including overweights to renewable names like Spain's Iberdrola SA and Denmark's Ørsted A/S.

The Russell Investments Low Carbon Global Shares Fund narrowly underperformed its benchmark. Stock selection within the materials space detracted from performance, including overweights to US names PPG Industries and Ecolab. The Fund's structural underweight to the sector also weighed on returns, with materials outperforming the broader market in July. Performance was further impacted by an underweight to the strong-performing energy space. In contrast, the Fund's exclusion of companies involved in the manufacture of nuclear weapons added value.

The Impax Sustainable Leaders strategy underperformed, driven largely by stock selection within the materials and information technology sectors; the latter including overweights to machine vision companies Cognex Group (US) and Keyence Corporation (Japan).

Pendal's Sustainable Australian Fixed Interest Fund outperformed its benchmark. Both government and non-government positioning contributed positively to performance over the period, including the Fund's exposures to supranationals, financials and utilities.

In terms of positioning, the portfolio underwent its semi-annual rebalance during the period. As part of this rebalance, we increased the portfolio's allocations to global and domestic listed property and reduced its exposure to global equities. We added listed property as we believe the asset class has become oversold and now offers attractive value. We reduced global equities due to recent equity market strength and expectations of softer global growth ahead. We also felt it appropriate to take some profits given the sector's recent gains.

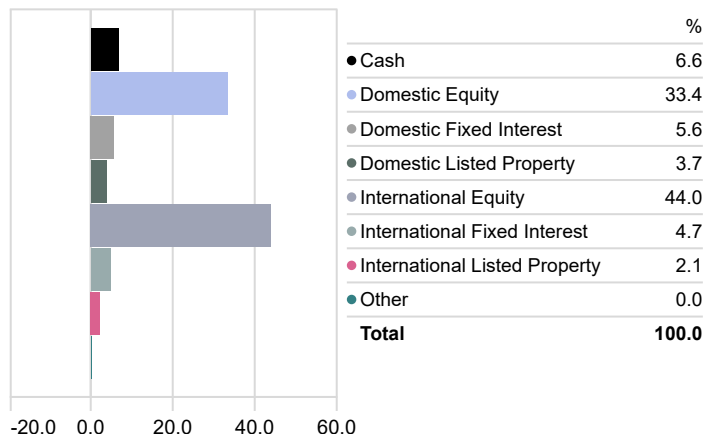
At the same time, we increased the portfolio's allocation to fixed income. Government bonds experienced their worst year of returns on record in 2022, and we believe they're likely to rebound through the remainder of this year as long-term yields decline amid recession risks. In addition, government bonds that mature further into the future, e.g. 10 years or more, continue to look attractive and will help diversify the portfolio. We used the portfolio's cash holdings to fund the additional fixed income exposure.

We also rebalanced the direct Australian equities component of the portfolio to better reflect our target factor exposures.

Following this latest rebalance, the portfolio's overall positioning reflects a more neutral exposure (relative to the benchmark) to the major asset classes, i.e. equities, fixed income and cash.

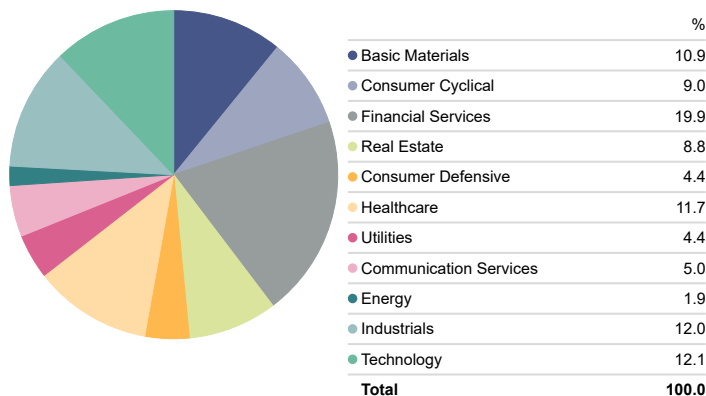
## Asset Allocation

Portfolio Date: 31/07/2023



## Sector Allocation

Portfolio Date: 31/07/2023



# Russell Investments Sustainable Managed Portfolio - Growth



## Detailed Asset Allocation

Portfolio Date: 31/07/2023

	Portfolio Weighting %
Russell Invmts Low Carbon Glb Shrs A	11.46
Russell Invmts Low Carbon Glb Shrs AUDH	10.81
Mirova Global Sustainable Equity Fund	10.40
Impax Sustainable Leaders Fund A	7.99
Perpetual ESG Australia Share	5.59
Alphinity Sustainable Share	4.01
Ausbil Active Sustainable Equity	4.01
Pendal Sustainable Aust Fixed Interest	3.32
First Sentier Responsible Listed Infrs	2.94
Vanguard Etclly Cons Gbl Aggt Bd H ETF	2.69
Russell Intl Property Secs Hedged A	2.38
Vanguard Australian Property Secs ETF	2.34
iShares Core Cash ETF	2.04
Robeco SDG Credit Income (AUD Hdg) C	1.80
Ardea Real Outcome Fund	0.95
Regnan Credit Impact Trust	0.93
Altius Sustainable Short Term Income Ord	0.92
Russell Inv Australian Rspnb Inv ETF	0.42
Commonwealth Bank of Australia	2.41
CSL Ltd	1.77
National Australia Bank Ltd	1.34
Westpac Banking Corp	1.19
ANZ Group Holdings Ltd	1.17
Wesfarmers Ltd	1.10
Telstra Group Ltd	1.08
Macquarie Group Ltd	1.00
Transurban Group	0.85
Goodman Group	0.81
BlueScope Steel Ltd	0.79
Fortescue Metals Group Ltd	0.75
Newcrest Mining Ltd	0.73
Woolworths Group Ltd	0.71
James Hardie Industries PLC	0.68
Sonic Healthcare Ltd	0.67
Brambles Ltd	0.61
Worley Ltd	0.59
Coles Group Ltd	0.46
Scentre Group	0.44
Pilbara Minerals Ltd	0.44
Computershare Ltd	0.44
Ancor PLC	0.44
Northern Star Resources Ltd	0.40
JB Hi Fi Ltd	0.38
Alumina Ltd	0.35
IGO Ltd	0.33
Mineral Resources Ltd	0.31
Lynas Rare Earths Ltd	0.30

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 Sustainable Managed Portfolio - Growth



## Contact Russell Investments

For further information about Russell Investments please visit [russellinvestments.com.au](https://russellinvestments.com.au)



**IMAP**  
MANAGED ACCOUNT  
AWARD FINALIST  
ESG PORTFOLIO



## Important Information

The rating contained in this document 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.

RIM is part of Russell Investments. RIM is the investment adviser for the Managed Portfolio. RIM is the issuer of the Russell Investments Funds and Russell Investments ETFs mentioned in this document. RIM or its associates, officers or employees may have interests in the financial products referred to in this information by acting in various roles, including trustee, investment manager, broker or adviser, and may receive fees, brokerage or commissions for acting in these capacities. In addition, Russell Investments or its associates, officers or employees may buy or sell the financial products as principal or agent.

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](http://www.morningstar.com.au/s/fsg.pdf) and [www.morningstar.com.au/mca/s/fapds.pdf](http://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.