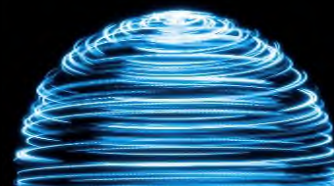


Russell Investments Balanced Managed Portfolio



Q4 2021 Performance Update



Dynamic and active managed accounts at an attractive cost.

The portfolio is a dynamic cost-effective multi-asset portfolio with approximately 70% growth assets and 30% defensive assets. The focus for this portfolio is to provide long-term returns and to manage investment risks over time.

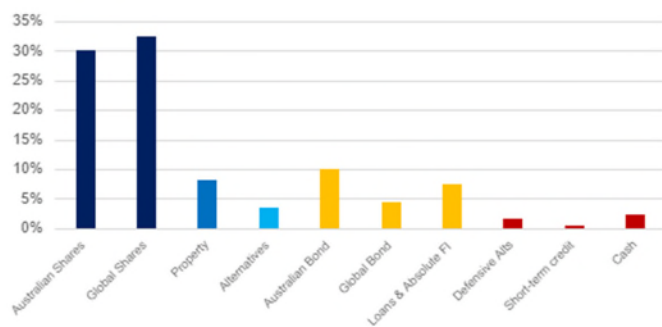
Main market highlights:

- Global equity markets were stronger in the final quarter of 2021 despite concerns over a new coronavirus variant (Omicron) and expectations of rising interest rates. Australian and US equities were amongst the top performers over the period.
- Within the fixed income part of the portfolio, floating rate credit strategies such as loans outperformed government bonds and cash. These strategies benefited from calm credit conditions.

Main portfolio highlights:

- The portfolio was up 2.5%¹ during the quarter. Global shares and Australian listed property were strong contributors to returns. Emerging market equities and global small cap stocks underperformed.
- In mid-December, the Australian dollar hedge ratio for global shares was lifted from 10% to 15%. The increase in the hedge ratio means that there is less foreign currency exposure. We expect the Australian dollar to rebound over time and therefore a higher currency hedge ratio will mean smaller foreign currency losses.

Chart of portfolio positioning



Asset allocation as at 31/12/2021

Asset allocation classification may differ depending on platforms.

¹Performance is net of management fees and assumes income received is reinvested without tax deduction. Individual investor performance will differ from the performance shown above. Past performance is not a reliable indicator of future performance. Refer to the Important Information section and your platform operator for more information.

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Chart of long-term performance



Cumulative returns (monthly) as of 31/12/2021.

June 2019 return is a part month return from 17/06/19.

Long-term investing: Positioning for 5 years and beyond

- The portfolio has a long-term asset allocation of 76% to return generating assets (including high yield debt and other extended fixed income).** Growth asset valuations are higher than average and return expectations for US shares and high yield debt are low. However, growth assets are still preferred due to superior returns relative to defensive assets over the medium term.
- Defensive assets such as fixed income and cash have an allocation of 24% in the portfolio.** A tilt to credit further enhances the long-term return potential, but also increases the risk of losses. Government bonds are universally expensive and portfolio holdings are relatively low but held for diversification benefits.
- Strategically, the portfolio has positions in cheaper and higher momentum securities as per our researched beliefs.** Additionally, we prefer emerging markets over developed market equities.

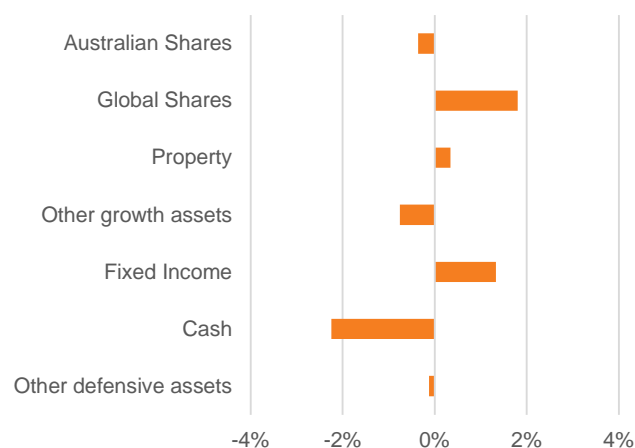
Dynamic positioning: Managing positions over the next 12 to 18 months

- We've been waiting for a share market reversal to increase allocations to growth assets after trimming Australian equity market exposure in April and June 2021. Since then, global share markets have been mostly range bound except for US equities (which has continued to rise).
- Looking forward, we expect to increase growth asset exposure on major market reversals and decrease growth asset exposure on market rallies. This is an important time to remain flexible as there are competing forces related to inflation and growth, together with the uncertainty of the ongoing coronavirus situation.
- We retain the same themes: overweight EM equities over DM, overweight global small cap vs large cap, overweight floating rate credit vs government bonds.

Active security selection:

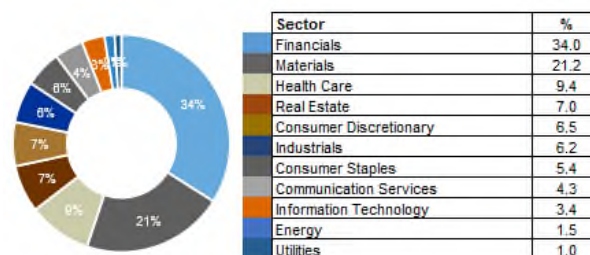
- Performance for the large cap direct Australian shares was positive during the quarter (up 3.8% for the quarter and 19.6% for the year). The main contributors were Altium, Goodman Group and Macquarie. The detractors were Suncorp, Westpac and Aristocrat Leisure.
- The Australian equity managers and global equity managers underperformed over the quarter, with most of the headwind coming earlier in the period. The market continues to favour more defensive and growth orientated shares. This means that cyclical holdings that benefit from a strong earnings environment and post-crisis recovery have been trading sideways. Mega cap tech stocks in the US continued to perform strongly.

Chart of % changes to asset allocation since 30 Sept 2021 – changes are minor



Asset allocation as at 31/12/2021

Chart of Australian equity exposure from direct Australian shares

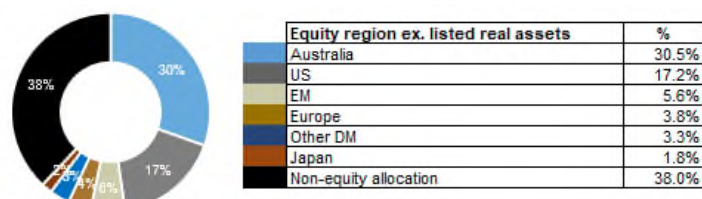


Asset allocation as at 31/12/2021

Direct shares (% weight of Australian equity model) – as at 31/12/2021

COMMONWEALTH BANK OF AUSTRALIA	9.0
CSL	6.7
BHP GROUP LTD	6.6
NATL AUSTRALIA BK	6.5
MACQUARIE GP LTD	5.6
WESTPAC BANKING CORP	5.0
AUSTRALIA AND NEW ZEALAND BANKING GROUP LTD	4.8
TRANSURBAN GROUP	4.8
TELSTRA CORP LTD	4.3
GOODMAN GROUP	3.9
WESFARMERS LTD	3.6
DEXUS	3.1
JAMES HARDIE INDUS	3.0
SUNCORP GROUP	3.0
ARISTOCRAT LEISURE	3.0
SONIC HEALTHCARE	2.7
SOUTH32 LTD	2.4
RIO TINTO LIMITED	2.3
AMCOR PLC	2.0
FORTESCUE METALS G	1.9
NEWCREST MINING	1.9
ALTium	1.9
WOOLWORTHS GRP LTD	1.8
COLES GROUP LTD	1.7
AMPOL LTD	1.5
XERO LIMITED	1.5
ORICA LIMITED	1.5
WOODSIDE PETROLEUM	1.4
AURIZON HOLDINGS	1.4
AGL ENERGY	1.0

Chart of regional exposure for equity allocation (as at 31/12/2021)



Portfolio weights % (as at 31/12/2021)

AUSTRALIAN SHARES	DIRECT AUSTRALIAN SHARES	21.5
	VANGUARD AUSTRALIAN SHARES INDEX ETF (VAS)	2.1
GLOBAL SHARES	RUSSELL INVESTMENTS GLOBAL OPPORTUNITIES FUND – CLASS A	2.0
	VANGUARD GLOBAL VALUE EQUITY ACTIVE ETF (VVLU)	3.6
	VANGUARD ALL-WORLD EX-U.S. SHARES INDEX ETF (VEU)	5.0
	VANGUARD U.S. TOTAL MARKET SHARES INDEX ETF (VTS)	7.8
	ISHARES S&P SMALL-CAP ETF (IJR)	1.9
	VANGUARD FTSE EMERGING MARKETS SHARES ETF (VGE)	1.0
	VANGUARD MSCI INDEX INTERNATIONAL SHARES (HEDGED) ETF (VGAD)	3.1
PROPERTY	VANGUARD AUSTRALIAN PROPERTY SECURITIES INDEX ETF (VAP)	6.6
FIXED INCOME	RUSSELL INVESTMENTS AUSTRALIAN GOVERNMENT BOND ETF (RGB)	3.7
	RUSSELL INVESTMENTS AUSTRALIAN SEMI-GOVERNMENT BOND ETF (RSM)	2.0
	RUSSELL INVESTMENTS AUSTRALIAN SELECT CORPORATE BOND ETF (RCB)	0.9
	VANGUARD GLOBAL AGGREGATE BOND INDEX (HEDGED) ETF (VBND)	2.9
CASH	ISHARES CORE CASH ETF (BILL)	1.3
	CASH	0.9
DYNAMIC REAL RETURN CORE	RUSSELL INVESTMENTS MULTI-ASSET GROWTH STRATEGY FUND - CLASS A	33.7



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AWARD FINALIST
 MULTI ASSET



Superior rating

Russell Investments Managed Portfolios have been rated Superior for world class manager research capabilities and robust strategic and dynamic asset allocation based process by independent research firm SQM Research.

IMPORTANT INFORMATION

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