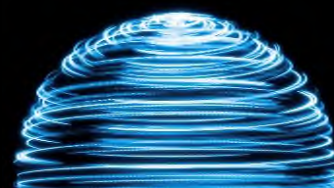


Russell Investments Balanced Managed Portfolio

Q2 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.

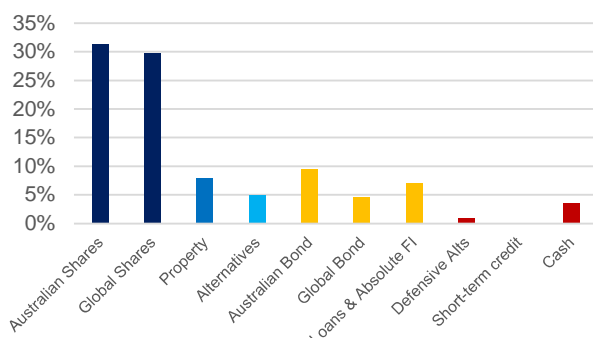
Main market highlights:

- In Q2, share markets posted strong returns with improved economic data and outstanding corporate earnings growth. The vaccine rollout in many major developed countries in the Northern Hemisphere has been positive and restrictions are easing.
- Inflation and central bank policy continue to be key topics. Inflation is rising right now but this high inflation regime is expected to be transitory as most supply bottlenecks and labour markets start to normalise over the coming year.

Main portfolio highlights:

- Stronger share markets led to performance of 6.2% in the quarter¹. The strategy underperformed its benchmark due to an underweight to global shares and government bonds. Overall performance was pleasing when compared to peer portfolios.
- In late-June, the portfolio was rebalanced. The direct Australian shares allocation was updated with new factor quant scores. The overall allocation to Australian shares were trimmed by around -1%. We continue to favour growth assets over the medium-term but share markets are overbought in the near-term. We are likely to redeploy this capital during future corrections.

Chart of portfolio positioning



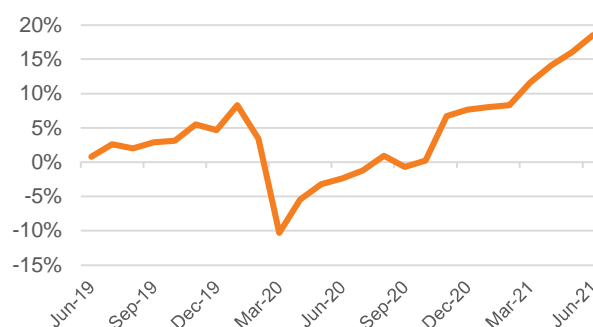
Asset allocation as at 30/6/2021

Asset allocation classification may differ depending on platforms.



The overall allocation to Australian shares was trimmed by around -1%. We continue to favour growth assets over the medium-term but share markets are overbought in the near-term. We are likely to redeploy this capital during future corrections.

Chart of long-term performance



Cumulative returns (monthly) as of 30/6/2021.

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 growth 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.
- 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.
- 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.

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.

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

- Growth assets rose and the positive sentiment from prior quarters continues. The portfolio has benefited from early-cycle activity when growth assets were added during the extreme drawdown in early-2020.
- Our plan to 'buy a dip' in growth assets has not been necessary. We reserve some capital to capture any eventual opportunities. We are eyeing an upcoming U.S. Federal Reserve summit in August. In its annual keynote, the central bank will come under further scrutiny to explain the pathway forward for monetary policy.
- 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 for the quarter and outperformed its benchmark. The strongest performing companies were Altium, QBE and Goodman Group. On average, these stocks benefited from a rebound in companies with higher earnings growth. The weakest performing companies were AGL, Woolworths and Woodside Petroleum.
- The large cap direct portfolio was rebalanced in the middle of June. This rebalance is done semi-annually as the factor profiles for each stock are updated. We added Aristocrat Leisure and Suncorp and sold Afterpay and QBE.
- After a strong run in stock-selection, the Australian and global multi-manager funds underperformed their benchmarks. This underperformance was amplified in the last two weeks of the quarter as 'stay-at-home' and 'growth orientated stocks' bounced.

Chart of changes to asset allocation since 31 March 2021 – Decreased Australian shares in June and increased defensive assets.

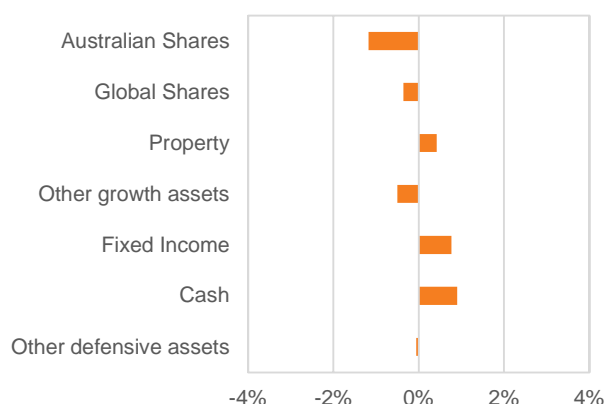
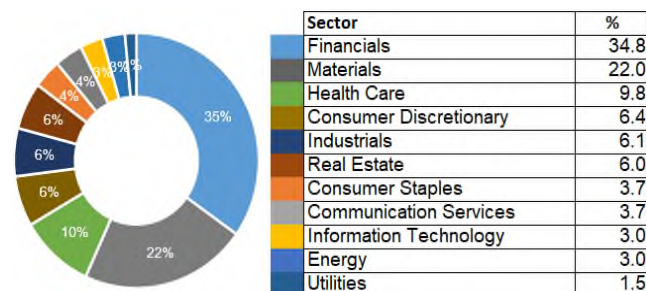


Chart of Australian equity exposure from direct Australian shares

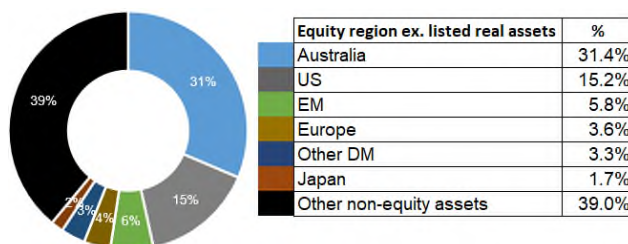


Asset allocation as at 30/6/2021

Direct shares (% weight of Australian equity model) (as at 30/6/2021)

COMMONWEALTH BANK	9.6
CSL LTD	7.5
BHP GROUP LTD	7.4
WESTPAC BANKING CORP	6.4
NATL AUSTRALIA BK	6.2
ANZ BANKING GROUP LTD	5.2
TRANSURBAN GROUP	4.6
MACQUARIE GP LTD	4.3
TELSTRA CORP LTD	3.7
WESFARMERS LTD	3.6
SUNCORP GROUP LTD	3.1
GOODMAN GROUP	3.1
DEXUS	2.9
ARISTOCRAT LEISURE	2.8
RIO TINTO LIMITED	2.7
JAMES HARDIE	2.5
SONIC HEALTHCARE	2.3
FORTESCUE METALS	2.2
NEWCREST MINING	2.1
WOOLWORTHS GRP LTD	2.1
AMCOR PLC	1.9
SOUTH32 LTD	1.7
COLES GROUP LTD	1.6
WOODSIDE PETROLEUM	1.5
XERO LIMITED	1.5
ORICA LIMITED	1.5
AURIZON HOLDINGS	1.5
ALTUM LTD	1.5
AGL ENERGY	1.5
AMPOL LTD	1.5

Chart of regional exposure for equity allocation (as at 30/6/2021)



Portfolio weights % (as at 30/6/2021)

AUSTRALIAN SHARES	DIRECT AUSTRALIAN SHARES	21.2
	VANGUARD AUSTRALIAN SHARES INDEX ETF (VAS)	2.0
GLOBAL SHARES	RUSSELL INVESTMENTS GLOBAL OPPORTUNITIES FUND – CLASS A	2.2
	VANGUARD GLOBAL VALUE EQUITY ACTIVE ETF (VVLU)	3.4
	VANGUARD ALL-WORLD EX-U.S. SHARES INDEX ETF (VEU)	6.6
	VANGUARD U.S. TOTAL MARKET SHARES INDEX ETF (VTS)	8.4
	ISHARES S&P SMALL-CAP ETF (IJR)	1.8
	VANGUARD FTSE EMERGING MARKETS SHARES ETF (VGE)	1.1
PROPERTY	VANGUARD AUSTRALIAN PROPERTY SECURITIES INDEX ETF (VAP)	6.1
FIXED INCOME	RUSSELL INVESTMENTS AUSTRALIAN GOVERNMENT BOND ETF (RGB)	3.9
	RUSSELL INVESTMENTS AUSTRALIAN SEMI-GOVERNMENT BOND ETF (RSM)	2.1
	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)	1.4
	CASH	1.1
DYNAMIC REAL RETURN CORE	RUSSELL INVESTMENTS MULTI-ASSET GROWTH STRATEGY FUND - CLASS A	34.9



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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.

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