

16 January 2023

## Russell Investments Sustainable Managed Portfolio Update

Russell Investments advises of changes to the Russell Investments Sustainable Managed Portfolios.

### Summary of key changes

- Updated shares held in the direct Australian equity portfolio in the Russell Investments Sustainable Balanced and Growth Managed Portfolios
- Added Altius Green Bond Fund to the Russell Investments Sustainable Balanced Managed Portfolio
- Added Australian Unity Sustainable Short Term Income Fund to the Russell Investments Sustainable Balanced and Growth Managed Portfolios<sup>1</sup>

### Why have we made these changes?

#### Direct Australian Equity Portfolio

A key component in our research process is to continually review and monitor how we build equity portfolio with respects to strategic factors. This is to ensure the portfolio is best positioned to capture the exposures we expect to provide excess returns over the long term. In our recent review, the framework was updated to provide investors a more balanced exposure across the portfolio. As a result, the Strategic Factor weights were updated, and the following shares were traded to rebalance the portfolio.

Strategic Factors	Previous weight	New weight	Change
Momentum	35.0%	22.0%	-13.0%
Value	30.0%	24.0%	-6.0%
Low Volatility	15.0%	22.0%	7.0%
Quality	10.0%	20.5%	10.5%
Growth	10.0%	11.5%	1.5%

<sup>1</sup> This change only applies to the Russell Investments Sustainable Managed Portfolios on BT Panorama

Trade activity	
Shares purchased	Sonic healthcare Ltd (SHL) Scentre Group Ltd (SCG) Lynas Rare Earths Ltd (LYC) JB HI-FI Ltd (JBH) Pilbara Minerals Ltd (PLS)
Shares sold	Resmed Inc (RMD) Incitec Pivot Ltd (IPL) Allkem Ltd (AKE) Iluka Resources Ltd (ILU) Vicinity Centres Ltd (VCX)

### Investment Manager changes

Altius Green Bond Fund was added to the Russell Investments Sustainable Balanced Managed Portfolio. to diversify the fixed interest portion of the portfolio. Altius is a high quality Australian fixed interest manager that invests in Australian bonds based on their ethical and sustainability process, involving negative screens and sustainability rankings.

Australian Unity Sustainable Short Term Income Fund was also added to the Russell Investments Sustainable Balanced and Growth Managed Portfolios. This fund was added to gain exposure to a sustainable short term income fund which incorporates environmental, social and governance factors in selecting short term money market and medium term floating instruments.

### Effective date

These changes were completed on 6 January 2023.

### Outlook for 2023

The recent rebound in markets has provided some relief for investors. However, the economy is likely to deteriorate. A mild recession is likely in the U.S. due to the rapid pace of rate hikes from the central bank.

The most pressing concern for 2023 is whether inflation will subside enough for central banks to halt their rate hikes. We anticipate global demand will wane, leading to a decline in inflation. After experiencing negative returns in 2022, fixed income is expected to make a comeback in 2023.

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