

# Fund Profile

An in-depth look at Russell Investments' sector funds

## Russell Investments Australian Bond Fund

The Russell Investments Australian Bond Fund employs a multi-style, multi-manager and multi-strategy approach, with broad diversification in a portfolio of fixed income securities. The Fund makes use of multiple sources of active return – both directional and non-directional – for optimal results.

### The Russell Investments' approach

The Russell Investments Australian Bond Fund (the Fund) employs a multi-style, multi-manager and multi-strategy approach. It is broadly diversified and provides an ideal vehicle for an investor's core exposure to Australian bond markets.

### Fund objective

To aim to provide a total return, before costs and tax, higher than the Fund's benchmark over the long term by providing exposure to a diversified portfolio of predominantly fixed income securities. The Fund incorporates non-benchmark domestic and global exposures so as to gain more efficient and diversified exposures versus the benchmark.

### Fund design

The Australian fixed income market comprises around fifty percent government and semi-government securities and the balance is made of various corporate

securities. Compared to some global markets, the Australian corporate sector provides less opportunity to differentiate investment styles. To address this limitation, the Fund allows selective investment in fixed income markets outside Australia.

### Investment strategy

By way of investment strategy, the Fund invests predominantly in Australian dollar government, semi-government and corporate securities consistent with its benchmark. In addition, the portfolio may include select non-Australian dollar securities issued by non-Australian governments, supnationals, agencies and corporations, as well as mortgage and asset-backed securities. Most of the non-Australian dollar exposures are fully hedged into A\$. The Fund predominantly invests in investment-grade securities.

### Fund breakdown



"As Russell Investments is seeking consistent outperformance, the Fund employs multiple sources of active return. These include both non-directional (bond sector rotation and stock selection) and directional (duration, yield curve and currency) active fixed income strategies."

**CLIVE SMITH**  
SENIOR PORTFOLIO MANAGER  
RUSSELL INVESTMENTS

## Quick Overview

**Inception:** 31 December 1997

**Benchmark:** Bloomberg AusBond Composite 0+ Yr Index

**AUM (AUD):** \$1.38 Billion (as on 30/06/2020)

**Minimum Investment Timeframe:** 3 years

# Russell Investments Australian Bond Fund

## Current structure

To implement the investment strategy the Fund employs multiple managers with complementary, active investment styles.

### UBS

UBS has a medium-long term investment horizon whereby active positions are driven by valuations based on Australian bond market fundamentals. UBS provides a predominantly Australian exposure for the Fund.

### AMP Capital

AMP Capital (AMP) invests in an array of domestic and global fixed income securities. The process adopted by AMP places more of a focus on macro credit strategies when managing risk and as a source of alpha generation. Unlike some other managers, AMP adopts a more holistic approach to portfolio construction and risk management when determining how best to reflect their higher conviction macro-oriented strategies within mandates.

Manager	Style	Allocation
Western Asset Management Company (WAMCo)	Alpha seeking	32.0%
UBS Global Asset Management (Australia)	Alpha seeking	27.5%
AMP Capital	Alpha seeking	20.5%
Russell Investments	Positioning strategies	20.0%

### WAMCo

Western Asset Management Company's (WAMCo) mandate invests in a wide array of domestic and global fixed income securities. The process has a greater focus on global credit as a source of value add.

### Russell Investments

Russell Investments uses positioning strategies to directly manage custom exposures for use within the total portfolio. Used in conjunction with third-party active managers, positioning strategies allow our portfolio managers to seek excess return and manage portfolio risk by giving them the ability to fully reflect our strategic and dynamic insights with integrated liquidity and risk management.

In this portion of the Fund, Russell Investments uses strategies including, but not limited to, Russell Investments fixed interest ETFs and internally-managed currency and interest rates strategies to access specific market factors/premiums.

### Sources of return

The Fund employs multiple sources of active return. These include both non-directional (bond sector rotation and stock selection) and directional (duration, yield curve and currency) active fixed income strategies.

For more information, please contact your Russell Investments representative:

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