

# 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 medium term by providing exposure to a diversified portfolio of predominantly fixed income securities.

### Fund design

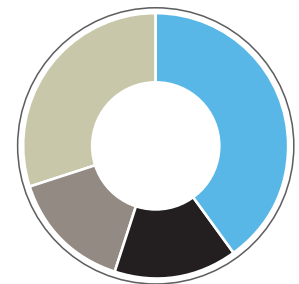
The Australian fixed income market comprises around fifty percent government and semi-government securities and the balance is made of various corporate securities. Compared to some global markets, the Australian corporate sector provides less opportunity to differentiate

investment styles. To address this limitation, the Fund allows selective investment in fixed income markets outside Australia.

### Investment strategy

the Fund invests predominantly in Australian issued government, quasi-government and corporate fixed income securities. In addition, the portfolio may also include debt securities issued by supnationals and non-Australian governments, agencies and corporates, as well as structured credit securities including mortgage and asset backed securities. The Fund from time to time may be exposed to low grade or unrated debt securities, exchange traded funds, emerging markets and currency to a limited extent. Derivatives may be used to obtain or reduce exposure to securities and markets, to implement investment strategies and to manage risk.

### Fund breakdown



- WAMCo
- UBS
- AMP Capital
- Russell Investments



"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):** \$901.60 Million (as on 31/03/2022)

**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)	Broad market, alpha seeking strategy	40.0%
UBS Global Asset Management (Australia)	Broad market, alpha seeking strategy	15.0%
AMP Capital	Broad market, alpha seeking strategy	15.0%
Russell Investments	Positioning strategies	30.0%

### 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 strategies 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 rate/credit 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.

COMMITTED TO  
RESPONSIBLE INVESTMENT



For more information, please contact your Russell Investments representative:

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Russell Investments became a signatory of the United Nations-Supported Principles for Responsible Investment (PRI) in 2009; the Carbon Disclosure Project's climate change program since 2010; and the Climate Action 100 in 2017. Russell Investments is also a member of the Institutional Investors Group on Climate Change (IIGCC) since 2015; and the Responsible Investment Association of Australasia. Russell Investments became a supporter for the Taskforce on Climate-Related Financial Disclosures (TCFD) in May 2019. Russell Investments has consecutively achieved an A+ rating for our strategy and governance approach from the PRI from 2016-2020. For further information visit <https://russellinvestments.com/au/about-us/responsible-investing>. This work is copyright 2022. 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.

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