

Fund Profile

An in-depth look at Russell Investments' Sector Funds

Russell Investments Australian Bond Income Fund

The Russell Investments Australian Bond Income Fund (the Fund) invests in a range of Australian fixed income securities with a focus on providing investors with a more regular income stream.

The Russell Investments approach

The Fund uses a multi-strategy, multi-style investment approach, and aims to provide regular income, while outperforming its benchmark over a three-year period. It is broadly diversified, with managers taking measured active positions. The Fund provides an ideal vehicle for investors with an increased focus on quarterly distributions from a defensive asset class.

Fund design

The Fund provides investors with exposure to a diversified portfolio of Australian issued and AUD denominated bonds. The investment processes utilised by the Fund's underlying managers have an increased focus on the objective of generating more stable income returns by explicitly taking into account the impact of portfolio structure on quarterly distributable income.

The Fund invests predominantly in Australian issued government, quasi-government and corporate fixed income with a focus on providing investors with a more regular income stream. Derivatives may be used to a limited extent to obtain or reduce exposure to securities and may also be used to derive additional income and manage investment risk.

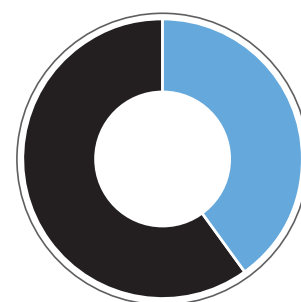
Sources of return

The Fund also employs multiple sources of active management to enhance returns such as security and sector selection as well as active interest rate management.

Current Fund structure

Manager selection is based on Russell Investments' active research driven investment approach. Russell Investments draws from its list of "recommended" managers to provide a mix of different management styles thereby ensuring an appropriate level of diversification.

Fund breakdown



■ UBS
■ Western



"The Fund provides an ideal vehicle for investors with an increased focus on quarterly distributions from a defensive asset class."

Clive Smith
SENIOR PORTFOLIO MANAGER
RUSSELL INVESTMENTS

Quick overview

Inception: October 2010

Benchmark: Bloomberg AusBond Composite 0+ Yr Index

AUM (AUD): \$133.58m (as at 30/06/2020)

Minimum investment timeframe: 3 years

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The Fund is currently made up of two managers:

UBS

Style: Distribution plus strategy

The mandate managed by UBS has a primary focus on outperforming the benchmark. As a secondary objective, UBS is required to take into account the impact on quarterly distributions when structuring the mandate and implementing changes in strategy. UBS has a medium-long term investment horizon whereby active positions are driven by valuations based on Australian bond market fundamentals.

Western Asset Management

Style: Distribution oriented

The mandate's primary objective is to manage a portfolio of high quality Australian issued and AUD denominated fixed income securities in order to generate a regular level of distributable income each quarter, while targeting a relatively low level of volatility around the portfolio's benchmark. While outperformance of the benchmark is not a primary objective the manager has scope to enhance returns via security selection and rotation among and within sectors of the bond markets.

For more information, please contact your Russell Investments representative:

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