

# **Russell Investments Australian Value ETF**

ARSN 147 518 081

## **Interim report**

**For the half-year ended 31 December 2017**

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## For the half-year ended 31 December 2017

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This interim report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2017 and any public announcements made in respect of Russell Investments Australian Value ETF during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

This interim report covers Russell Investments Australian Value ETF as an individual entity.

The Responsible Entity of the Russell Investments Australian Value ETF is Russell Investment Management Ltd (ABN 53 068 338 974) (AFSL 247185).

The Responsible Entity's registered office is:  
Level 29, 135 King Street,  
Sydney, NSW 2000.

## Directors' report

The directors of Russell Investment Management Ltd (ABN 53 068 338 974 AFSL No. 247185), the Responsible Entity of Russell Investments Australian Value ETF, present their report together with the financial statements of Russell Investments Australian Value ETF (the "Fund"), for the half-year ended 31 December 2017.

### Principal activities

The Fund seeks to track the performance of the Russell Australia High Value Index (the "Index") by investing predominantly in Australian shares or trusts listed on the ASX. The Index is weighted to companies that typically demonstrates value characteristics. Derivatives may also be used to a limited extent to obtain or reduce exposure to such securities.

The Fund did not have any employees during the half-year.

There were no significant changes in the nature of the Fund's activities during the half-year or since the end of the half-year and up to the date of this report.

### Directors

The following persons held office as directors of Russell Investment Management Ltd during the half-year or since the end of the half-year and up to the date of this report:

Peter J Gunning  
 Symon J Parish  
 Glenn T Smith  
 Kenneth W Willman  
 Bronwyn J Yates

### Review and results of operations

During the half-year, the Fund continued to invest in accordance with its investment objective and investment strategy as set out in the offer documents of the Fund and in accordance with the provisions of the Fund's Constitution.

The Fund generally invests in the securities comprising the Index in proportion to their relative weightings and aims to achieve investment returns (before costs and tax), that closely correspond to the performance of the Index.

#### Results

The performance of the Fund, as represented by the results of its operations, was as follows:

	<b>Half-year ended</b>	
	<b>31 December 2017</b>	31 December 2016
Operating profit/(loss) before finance costs attributable to unitholders (\$'000)	<u>678</u>	<u>2,553</u>
<i>Distributions</i>		
Distributions paid and payable (\$'000)	<u>456</u>	<u>451</u>
Distribution (Cents per unit - CPU)	<u>101.85</u>	<u>100.98</u>

The performance above is primarily driven by the performance of the Index which this Fund tracks resulting in the increase of 5.08% comprising distributions paid and payable and changes in the post distribution unit price for the half-year ended 31 December 2017.

The movement in the assets and liabilities in the Statement of financial position corresponds with the units issued and redeemed during the half-year as reflected in note 4 and the performance of the Fund during the half-year.

## Directors' report (continued)

### Significant changes in state of affairs

The Responsible Entity has elected for the Attribution Managed Investment Trust ("AMIT") rules to apply to the Fund, from 1 July 2017. The new rules are intended to reduce complexity, increase certainty and reduce compliance costs for MITs and their investors.

In the opinion of the directors, there were no other significant changes in the state of affairs of the Fund that occurred during the financial half-year.

### Likely developments and expected results of operations

The Fund will continue to be managed in accordance with the investment objectives and guidelines as set out in the offer documents of the Fund and in accordance with the provisions of the Fund's Constitution.

The results of the Fund's operations will be affected by a number of factors, including the performance of investment markets in which the Fund invests. Investment performance is not guaranteed and future returns may differ from past returns. As investment conditions change over time, past returns should not be used to predict future returns.

The future returns are dependent upon the performance of the underlying Index. The Fund's investment objective and strategy remains unchanged which is to track the performance of the Index (before fees and costs). Accordingly the future returns of the Fund are dependent on the performance of the Index.

### Rounding of amounts to the nearest thousand dollars

The Fund is an entity of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 issued by the Australian Securities and Investments Commission (ASIC) relating to the "rounding off" of amounts in the Directors' report and financial statements. Amounts in the Directors' report and financial statements have been rounded to the nearest thousand dollars in accordance with that ASIC Corporations Instrument, unless otherwise indicated. Due to rounding, rounded components presented throughout the financial statements may not add up precisely to the rounded sum.

### Auditor's independence declaration

A copy of the Auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 4.

This report is made in accordance with a resolution of the directors.



Director

Sydney  
8 March 2018



## Auditor's Independence Declaration

As lead auditor for the review of Russell Investments Australian Value ETF for the half-year ended 31 December 2017, I declare that to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

A handwritten signature in blue ink, appearing to read 'Joe Sheeran', with a long horizontal flourish extending to the right.

Joe Sheeran  
Partner  
PricewaterhouseCoopers

Sydney  
8 March 2018

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## Statement of comprehensive income

	Notes	Half-year ended	
		31 December 2017 \$'000	31 December 2016 \$'000
<b>Investment income</b>			
Distributions income		359	334
Net gains/(losses) on financial instruments held at fair value through profit or loss		<u>342</u>	<u>2,245</u>
<b>Total investment income/(loss)</b>		<u>701</u>	<u>2,579</u>
<b>Expenses</b>			
Management costs		21	24
Transaction costs		<u>2</u>	<u>2</u>
<b>Total operating expenses</b>		<u>23</u>	<u>26</u>
<b>Operating profit/(loss) for the half-year</b>		<u>678</u>	<u>2,553</u>
<b>Finance costs attributable to unitholders</b>			
Distributions to unitholders	5	-	(451)
(Increase)/decrease in net assets attributable to unitholders	4	<u>-</u>	<u>(2,102)</u>
<b>Profit/(loss) for the half-year</b>		<u>678</u>	<u>-</u>
Other comprehensive income		<u>-</u>	<u>-</u>
<b>Total comprehensive income for the half-year</b>		<u>678</u>	<u>-</u>

The above Statement of comprehensive income should be read in conjunction with the accompanying notes.

## Statement of financial position

		As at	
		31 December 2017	30 June 2017
	Notes	\$'000	\$'000
<b>Assets</b>			
Cash and cash equivalents		238	26
Receivables		29	178
Due from brokers - receivable for securities sold		184	-
Financial assets held at fair value through profit or loss	3	<u>13,647</u>	<u>13,348</u>
<b>Total assets</b>		<u>14,098</u>	<u>13,552</u>
<b>Liabilities</b>			
Payables		76	78
Distributions payable to unitholders	5	<u>456</u>	<u>141</u>
<b>Total liabilities (30 June 2017: excluding net assets attributable to unitholders)</b>		<u>532</u>	<u>219</u>
<b>Net assets attributable to unitholders - equity*</b>	4	<u>13,566</u>	<u>-</u>
<b>Net assets attributable to unitholders - liability*</b>	4	<u>-</u>	<u>13,333</u>

\* Net assets attributable to unit holders are classified as equity at 31 December 2017 and as a financial liability at 30 June 2017. Refer to Note 1 for further detail.

*The above Statement of financial position should be read in conjunction with the accompanying notes.*

## Statement of changes in equity

	Note	Half-year ended	
		31 December 2017 \$'000	31 December 2016 \$'000
<b>Total equity at the beginning of the financial half-year</b>		-	-
Reclassification due to AMIT tax regime implementation*	4	13,333	-
<b>Comprehensive income for the half-year</b>			
Profit/(loss) for the half-year		678	-
Other comprehensive income		-	-
<b>Total comprehensive income for the half-year</b>		<u>678</u>	<u>-</u>
<b>Transactions with unitholders</b>			
Applications		-	-
Redemptions		-	-
Reinvestment of distributions		11	-
Distributions paid and payable		<u>(456)</u>	<u>-</u>
<b>Total transactions with unitholders</b>		<u>(445)</u>	<u>-</u>
<b>Total equity at the end of the financial half-year*</b>		<u>13,566</u>	<u>-</u>

\* Effective from 1 July 2017, the Fund's units have been reclassified from financial liability to equity. Refer Note 1 for further detail. As a result, equity transactions, including distributions have been disclosed in the above statement for the half-year ended 31 December 2017.

*The above Statement of changes in equity should be read in conjunction with the accompanying notes.*



## Statement of cash flows

	Half-year ended	
	31 December 2017 \$'000	31 December 2016 \$'000
<b>Cash flows from operating activities</b>		
Proceeds related to financial instruments held at fair value through profit or loss	2,061	2,801
Payments related to financial instruments held at fair value through profit or loss	(2,202)	(3,074)
Distributions received	509	670
Management costs paid	(26)	(50)
<b>Net cash inflow/(outflow) from operating activities</b>	<u>342</u>	<u>347</u>
<b>Cash flows from financing activities</b>		
Distributions paid	(130)	(223)
<b>Net cash inflow/(outflow) from financing activities</b>	<u>(130)</u>	<u>(223)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	212	124
Cash and cash equivalents at the beginning of the half-year	<u>26</u>	<u>81</u>
<b>Cash and cash equivalents at the end of the half-year</b>	<u>238</u>	<u>205</u>

*The above Statement of cash flows should be read in conjunction with the accompanying notes.*

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## 1 Basis of preparation of interim report

These condensed financial statements for the half-year ended 31 December 2017 has been prepared in accordance with the *Corporations Act 2001* and Australian Accounting Standard AASB 134 *Interim Financial Reporting*.

These interim financial statements cover Russell Investments Australian Value ETF (the "Fund") as an individual entity. The Fund was constituted on 7 December 2010 and will terminate on 6 December 2090 unless terminated earlier in accordance with the provisions of the Fund's Constitution.

These interim financial statements do not include all the notes of the type normally included in an annual financial report. Accordingly, these interim financial statements are to be read in conjunction with the annual financial report for the year ended 30 June 2017 and any public announcements made in respect of Russell Investments Australian Value ETF during the interim reporting period.

The Responsible Entity of the Fund is Russell Investment Management Ltd (the "Responsible Entity"). The Responsible Entity's registered office is Level 29, 135 King Street, Sydney, NSW 2000. The interim financial statements are presented in Australian currency.

The Fund seeks to track the performance of the Russell Australia High Value Index (the "Index") by investing predominantly in Australian shares or trusts listed on the ASX. The Index is weighted to companies that typically demonstrates value characteristics. Derivatives may also be used to a limited extent to obtain or reduce exposure to such securities.

The Fund is organized into one main segment which operated solely in the business of investment management within Australia. The Fund operates in Australia and holds investments in Australia.

The nature of the Fund's operation is such that income and expenses are incurred in a manner which is not impacted by any form of seasonality.

These interim financial statements are prepared based upon an accrual concept which requires income and expenses to be recorded as earned or incurred and not as received or paid throughout the period.

On 5 May 2016, a new tax regime applying to Managed Investment Trusts ("MITs") was established under the Tax Laws Amendment (New Tax System for Managed Investment Trusts) Act 2016. The Attribution Managed Investment Trust ("AMIT") regime allows MITs that meet certain requirements to make an irrevocable choice to be an AMIT. In order to allow the Fund to elect into the AMIT tax regime, the Fund's Constitution has been amended and the other conditions to adopt the AMIT tax regime have been met effective 1 July 2017. The Responsible Entity is therefore no longer contractually obligated to pay distributions. Consequently the units in the Fund have been re-classified from a financial liability to equity on 1 July 2017, see Note 4 for further information.

The interim financial statements were authorised for issue by the directors on 8 March 2018. The directors of the Responsible Entity have the power to amend and reissue the interim financial statements.

### (a) Significant accounting policies

Except for the below, the accounting policies applied in these interim financial statements are the same as those applied to the Fund's financial statements for the year ended 30 June 2017.

#### **Net assets attributable to unit holders**

Units are classified as equity when they satisfy the following criteria under *AASB 132 Financial Instruments: Presentation*:

- the puttable financial instrument entitles the holder to a pro-rata share of net assets in the event of the Fund's liquidation
- the puttable financial instrument is in the class of instruments that is subordinate to all other classes of instruments and class features are identical
- the puttable financial instrument does not include any contractual obligations to deliver cash or another financial asset, or to exchange financial instruments with another entity under potentially unfavourable conditions to the Fund, and it is not a contract settled in the Fund's own equity instruments; and

## 1 Basis of preparation of interim report (continued)

### (a) Significant accounting policies (continued)

- the total expected cash flows attributable to the puttable financial instrument over the life are based substantially on the profit or loss.

As at 30 June 2017, net assets attributable to unit holders are classified as a financial liability. Effective from 1 July 2017, the Fund's units have been reclassified from financial liability to equity as they satisfied all the above criteria.

#### *Distribution to unitholders*

Distributions are payable as set out in the Funds' Constitution. Such distributions are determined by the Responsible Entity of the Funds. Distributable income includes capital gains arising from the disposal of financial assets and liabilities held for trading. Unrealised gains and losses on financial assets and liabilities held for trading that are recognised as income are transferred to net assets attributable to unitholders and are not assessable and distributable until realised.

#### *Income tax*

Under current legislation, the Fund is not subject to income tax provided they attribute the entirety of their taxable income to their unitholders.

Financial instruments held at fair value may include unrealised capital gains. Should such a gain be realised, that portion of the gain that is subject to capital gains tax will be distributed so that the Fund is not subject to capital gains tax.

Realised capital losses are not distributed to unitholders but are retained in the Fund to be offset against any realised capital gains. If realised capital gains exceed realised capital losses, the excess is distributed to unitholders.

The benefit of imputation credits and foreign tax paid are passed on to unitholders.

## 2 Fair value measurement

The Fund measures and recognises the following assets at fair value on a recurring basis:

- Financial assets designated at fair value through profit or loss (FVTPL) (see note 3)

The Fund has no assets or liabilities measured at fair value on a non-recurring basis in the current reporting period.

AASB 13 requires disclosure of fair value measurements by level of the following fair value hierarchy:

- (a) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- (b) inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (level 2); and
- (c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

#### *(i) Fair value in an active market*

The fair value of financial assets and liabilities traded in active markets is based on their quoted market prices at the end of the reporting period without any deduction for estimated future selling costs.

The Fund values its investments in accordance with the accounting policies set out in notes to the financial statements as at 30 June 2017. For the majority of its investments, the Fund relies on information provided by independent pricing services for the valuation of its investments.

The quoted market prices used for both financial assets and financial liabilities were last traded prices.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.

## 2 Fair value measurement (continued)

### (ii) Valuation techniques used to derive level 2 and level 3 fair value

The fair value of financial assets and liabilities that are not exchange-traded in an active market is determined using valuation techniques. These include the use of recent arm's length market transactions, reference to the current fair value of a substantially similar other instrument, discounted cash flow techniques, option pricing models or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate used is a market rate at the end of the reporting period applicable for an instrument with similar terms and conditions.

For other pricing models, inputs are based on market data at the end of the reporting period. Fair values for unquoted equity investments are estimated, if possible, using applicable price/earnings ratios for similar listed companies adjusted to reflect the specific circumstances of the issuer.

The fair value of derivatives that are not exchange traded is estimated at the amount that the Fund would receive or pay to terminate the contract at the end of the reporting period taking into account current market conditions (volatility and appropriate yield curve) and the current creditworthiness of the counterparties. The fair value of a forward contract is determined as a net present value of estimated future cash flows, discounted at appropriate market rates as at the valuation date.

Investments in other unlisted unit trusts are recorded at the redemption value per unit as reported by the investment managers of such funds.

### Recognised fair value measurements

The following table presents the Fund's assets and liabilities measured and recognised at fair value as at 31 December 2017 and 30 June 2017.

As at 31 December 2017	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Financial assets</b>				
Financial assets designated at fair value through profit or loss at inception:				
Equity securities	11,831	-	-	11,831
Unit trusts	1,816	-	-	1,816
<b>Total</b>	<b>13,647</b>	<b>-</b>	<b>-</b>	<b>13,647</b>

As at 30 June 2017	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Financial assets</b>				
Financial assets designated at fair value through profit or loss at inception:				
Equity securities	11,463	-	-	11,463
Unit trusts	1,885	-	-	1,885
<b>Total</b>	<b>13,348</b>	<b>-</b>	<b>-</b>	<b>13,348</b>

The Fund's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

## 2 Fair value measurement (continued)

### (i) Transfers between levels

There have been no transfer between levels for the half-year ended 31 December 2017. There were also no changes made to any of the valuation techniques applied as of 30 June 2017.

### (ii) Fair value measurements using significant unobservable inputs (level 3)

The Fund did not hold any financial instruments with fair value measurements using significant unobservable inputs during the half-year ended 31 December 2017 or year ended 30 June 2017.

### (iii) Valuation processes

Portfolio reviews are undertaken regularly by management to identify securities that potentially may not be actively traded or have stale security pricing. This process identifies securities which possibly could be regarded as being level 3 securities.

Further analysis, should it be required, is undertaken to determine the accounting significance of the identification. For certain security types, in selecting the most appropriate valuation model, management performs back testing and considers actual market transactions. Changes in allocation to or from level 3 are analysed at the end of each reporting period.

### (iv) Fair values of other financial instruments

The Fund did not hold any financial instruments which were not measured at fair value in the Statement of financial position. Due to their short-term nature, the carrying amounts of receivables and payables are assumed to approximate their fair value.

## 3 Financial assets held at fair value through profit or loss

	As at	
	31 December 2017	30 June 2017
	Fair value \$'000	Fair value \$'000
<b>Designated at fair value through profit or loss</b>		
Equity securities	11,831	11,463
Unit trusts	<u>1,816</u>	<u>1,885</u>
Total designated at fair value through profit or loss	<u>13,647</u>	<u>13,348</u>
<b>Total financial assets held at fair value through profit or loss</b>	<u>13,647</u>	<u>13,348</u>
<b>Comprising:</b>		
<b>Equity securities</b>		
Australian equity securities	<u>11,831</u>	<u>11,463</u>
Total equity securities	<u>11,831</u>	<u>11,463</u>
<b>Unit trusts</b>		
Unit trusts	<u>1,816</u>	<u>1,885</u>
Total unit trusts	<u>1,816</u>	<u>1,885</u>
<b>Total financial assets held at fair value through profit or loss</b>	<u>13,647</u>	<u>13,348</u>

#### 4 Net assets attributable to unitholders

Under AASB 132 *Financial Instruments: Presentation*, puttable financial instruments meet the definition of a financial liability to be classified as equity where certain strict criteria are met. The Fund shall classify a financial instrument as an equity instrument from the date when the instrument has all the features and meets the conditions.

Prior to 1 July 2017, the Fund classified its net assets attributable to unit holders as liabilities in accordance with AASB 132. On 1 July 2017, the Fund has elected into the AMIT tax regime. The Fund's Constitution has been amended during the half-year and it no longer has a contractual obligation to pay distributions to unit holders. Therefore the net assets attributable to unit holders of the Fund meet the criteria set out under AASB 132 and are classified as equity from 1 July 2017 onwards.

As a result of the reclassification of net assets attributable to unit holders from liabilities to equity, the Fund's distributions are no longer classified as finance costs in the statement of comprehensive income, but rather as dividends paid in the condensed statement of changes in equity.

Movements in the number of units and net assets attributable to unitholders during the half-year were as follows:

	Half-year ended			
	31 December 2017 No.'000	31 December 2016 No.'000	31 December 2017 \$'000	31 December 2016 \$'000
Opening balance*	447	843	13,333	22,098
Redemptions	-	(400)	-	(10,941)
Units issued upon reinvestment of distributions	-	3	11	71
Distributions paid and payable	-	-	(456)	-
Profit/(loss) for the half-year	-	-	678	2,102
Closing balance*	<u>447</u>	<u>446</u>	<u>13,566</u>	<u>13,330</u>

\* Net assets attributable to unit holders are classified as equity at 31 December 2017 and as a financial liability at 30 June 2017. Refer to Note 1 for further details.

As stipulated within the Fund's Constitution, each unit represents a right to an individual share in the Fund and does not extend to a right to the underlying assets of the Fund.

There are no separate classes of units and each unit has the same rights attaching to it as all other units of the Fund.

During the half-year, the applications of \$0 (2016: \$0) and redemptions of \$0 (2016: \$10,940,011) are satisfied by asset in specie transfer in the form of parcel of quoted securities and are non-cash in nature.

#### 5 Distributions to unitholders

The distributions for the half-year were as follows:

	Half-year ended			
	31 December 2017 \$'000	31 December 2017 CPU	31 December 2016 \$'000	31 December 2016 CPU
Total distributions for the half-year	<u>456</u>	<u>101.85</u>	<u>451</u>	<u>100.98</u>

At 31 December 2017, the above distributions include a distribution payable amount of \$456,139 (2016: \$450,600).

## **6 Events occurring after the reporting period**

No significant events have occurred since the end of the reporting period which would impact on the financial position of the Fund disclosed in the Statement of financial position as at 31 December 2017 or on the results and cash flows of the Fund for the half-year ended on that date.

## **7 Contingent assets and liabilities and commitments**

There are no outstanding contingent assets, liabilities or commitments as at 31 December 2017 and 30 June 2017.



## Directors' declaration

In the opinion of the directors of the Responsible Entity:

- (a) the financial statements and notes set out on pages 5 to 15 are in accordance with the *Corporations Act 2001*, including:
  - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
  - (ii) giving a true and fair view of the Fund's financial position as at 31 December 2017 and of its performance for the financial half-year ended on that date; and
- (b) there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.



Director

Sydney  
8 March 2018



## **Independent auditor's review report to the unitholders of Russell Investments Australian Value ETF**

### ***Report on the Half-Year Financial Report***

We have reviewed the accompanying half-year financial report of Russell Investments Australian Value ETF (the Registered Scheme), which comprises the statement of financial position as at 31 December 2017, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, selected explanatory notes and the directors of the Responsible Entity's declaration.

### ***Directors of the Responsible Entity's responsibility for the half-year financial report***

The directors of the Responsible Entity of the Registered Scheme are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors of the Responsible Entity determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement whether due to fraud or error.

### ***Auditor's responsibility***

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Australian Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the entity's financial position as at 31 December 2017 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Russell Investments Australian Value ETF, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### ***Independence***

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

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**PricewaterhouseCoopers, ABN 52 780 433 757**

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### *Conclusion*

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Russell Investments Australian Value ETF is not in accordance with the *Corporations Act 2001* including:

1. giving a true and fair view of the entity's financial position as at 31 December 2017 and of its performance for the half-year ended on that date;
2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A large, stylized blue ink signature that reads 'PricewaterhouseCoopers' in a cursive script.

PricewaterhouseCoopers

A blue ink signature in a cursive script, appearing to read 'Joe Sheeran'.

Joe Sheeran  
Partner

Sydney  
8 March 2018