

# **Russell Investments Balanced Fund**

ARSN 094 799 345

## **Interim report**

**For the half-year ended 31 December 2024**

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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 2024 and any public announcements made in respect of Russell Investments Balanced Fund during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

This interim report covers Russell Investments Balanced Fund as an individual entity.

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

The Responsible Entity's registered office is:  
Level 28, 85 Castlereagh 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 Balanced Fund (the "Fund"), present their report together with the financial statements of the Fund, for the half-year ended 31 December 2024.

### 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:

Bronwyn Yates  
 Neil Rogan  
 James Harwood  
 Timothy Furlan (resigned, effective 11 February 2025)  
 David MacKenzie

### Review and results of operations

There have been no significant changes to the Fund's operations since the previous financial year. During the half-year, the Fund continued to invest in accordance with its investment objective and investment strategy as set out in the governing documents of the Fund and the provisions of the Fund's constitution.

#### Results

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

	Half-year ended	
	31 December 2024	31 December 2023
Operating profit/(loss) before finance costs attributable to unitholders (\$'000)	<u>60,976</u>	<u>48,622</u>
<i>Distributions - Class A</i>		
Distribution paid and payable (\$'000)	<u>249</u>	<u>1,006</u>
Distribution (Cents per unit - CPU)	<u>0.03</u>	<u>0.11</u>
<i>Distributions - Class C</i>		
Distribution paid and payable (\$'000)	<u>54</u>	<u>233</u>
Distribution (Cents per unit - CPU)	<u>0.03</u>	<u>0.12</u>
<i>Distributions - Class D</i>		
Distribution paid and payable (\$'000)	<u>72</u>	<u>118</u>
Distribution (Cents per unit - CPU)	<u>0.23</u>	<u>0.31</u>

### Significant changes in state of affairs

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

### Matters subsequent to the end of the half-year

No matter or circumstance has arisen since 31 December 2024 that has significantly affected, or may significantly affect:

- (i) the operations of the Fund in future financial periods, or
- (ii) the results of those operations in future financial periods, or
- (iii) the state of affairs of the Fund in future financial periods.

## Directors' report (continued)

### Rounding of amounts to the nearest thousand dollars

Amounts in the Directors' report have been rounded to the nearest thousand dollars in accordance with *Australian Securities & Investments Commission ("ASIC") Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*, unless otherwise indicated.

### 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  
6 March 2025



## Auditor's Independence Declaration

As lead auditor for the review of Russell Investments Balanced Fund for the half-year ended 31 December 2024, 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 'Simon Cuthbert'.

Simon Cuthbert  
Partner  
PricewaterhouseCoopers

Sydney  
6 March 2025

## Statement of comprehensive income

		Half-year ended	
		31 December 2024	31 December 2023
	Notes	\$'000	\$'000
<b>Investment income</b>			
Interest income from financial assets at amortised cost		52	64
Distribution income		9,245	12,917
Net gains/(losses) on financial instruments at fair value through profit or loss		55,405	39,930
Net foreign exchange gains/(losses)		195	(241)
Other income		247	397
<b>Total investment income/(loss)</b>		<u>65,144</u>	<u>53,067</u>
<b>Operating expenses</b>			
Management fees	7	3,994	4,247
Responsible Entity's fees	7	70	75
Custody fees		39	43
Auditor's remuneration		8	7
Transaction costs		35	52
Other operating expenses		22	21
<b>Total operating expenses</b>		<u>4,168</u>	<u>4,445</u>
<b>Operating profit/(loss) for the half-year</b>		<u>60,976</u>	<u>48,622</u>
<b>Finance costs attributable to unitholders</b>			
Distributions to unitholders	6	(375)	(1,357)
(Increase)/decrease in net assets attributable to unitholders	5	<u>(60,601)</u>	<u>(47,265)</u>
<b>Profit/(loss) for the half-year</b>		<u>-</u>	<u>-</u>
Other comprehensive income for the half-year		<u>-</u>	<u>-</u>
<b>Total comprehensive income for the half-year</b>		<u>-</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 2024	30 June 2024
	Notes	\$'000	\$'000
<b>Assets</b>			
Cash and cash equivalents		34,901	17,153
Deposits held with brokers for margin		4,679	5,029
Receivables		785	1,008
Due from brokers - unsettled sales		1,500	1,018
Financial assets at fair value through profit or loss	3	<u>977,536</u>	<u>1,046,573</u>
<b>Total assets</b>		<u>1,019,401</u>	<u>1,070,781</u>
<b>Liabilities</b>			
Payables		1,055	1,998
Distribution payable	6	-	75,112
Financial liabilities at fair value through profit or loss	4	<u>3,433</u>	<u>959</u>
<b>Total liabilities (excluding net assets attributable to unitholders)</b>		<u>4,488</u>	<u>78,069</u>
<b>Net assets attributable to unitholders - liability</b>	5	<u>1,014,913</u>	<u>992,712</u>

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

## Statement of changes in equity

	Half-year ended	
	31 December 2024	31 December 2023
	\$'000	\$'000
<b>Total equity at the beginning of the financial half-year</b>	-	-
Profit/(loss) for the half-year	-	-
Other comprehensive income for the half-year	-	-
<b>Total comprehensive income for the half-year</b>	-	-
Transactions with owners in their capacity as owners	-	-
<b>Total equity at the end of the financial half-year</b>	-	-

Under Australian Accounting Standards, net assets attributable to unitholders are classified as a liability rather than equity. As a result there was no equity at the start or end of the half-year.

*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 2024	31 December 2023
	\$'000	\$'000
<b>Cash flows from operating activities</b>		
Proceeds from sale of financial instruments at fair value through profit or loss	194,202	192,929
Purchase of financial instruments at fair value through profit or loss	(58,004)	(58,866)
Distribution received	1	1
Interest received	56	68
Amount received from brokers for margin	350	15,854
Other income received	26	155
Management fees paid	(3,985)	(4,283)
Responsible Entity's fees paid	(70)	(75)
Payment of other expenses	(83)	(126)
<b>Net cash inflow/(outflow) from operating activities</b>	<b>132,493</b>	<b>145,657</b>
<b>Cash flows from financing activities</b>		
Proceeds from applications by unitholders	73,890	52,610
Payments for redemptions by unitholders	(113,366)	(153,088)
Distribution paid	(75,384)	(20,260)
<b>Net cash inflow/(outflow) from financing activities</b>	<b>(114,860)</b>	<b>(120,738)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>17,633</b>	<b>24,919</b>
Cash and cash equivalents at the beginning of the half-year	17,153	17,727
Effects of foreign currency exchange rate changes on cash and cash equivalents	115	(42)
<b>Cash and cash equivalents at the end of the half-year</b>	<b>34,901</b>	<b>42,604</b>
<b>Non-cash financing activities</b>		
During the half-year, the following distribution payments were satisfied by the issue of units under the distribution reinvestment plan	103	240

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

## 1 Basis of preparation of interim report

This interim report for the half-year ended 31 December 2024 has been prepared in accordance with the *Corporations Act 2001* and Australian Accounting Standard AASB 134 *Interim Financial Reporting*.

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 2024 and any public announcements made in respect of Russell Investments Balanced Fund during the interim reporting period.

The principal accounting policies adopted are consistent with those of the previous financial year and the corresponding interim reporting period, unless otherwise stated.

### (a) New accounting standards and interpretations

There are no standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 July 2024 that have a material impact on the amounts recognised in the prior periods or will affect the current or future periods.

## 2 Fair value measurement

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

- Financial assets / liabilities at fair value through profit or loss (FVTPL) (see note 3 and note 4)

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

AASB 13 *Fair Value Measurement* 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); or
- (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 (level 1)

The Fund values its investments in accordance with the accounting policies set out in notes to the financial statements as at 30 June 2024. 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 other than exchange traded futures, which are valued at the market closing price.

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

The fair value of financial assets and liabilities that are not traded in an active market are determined by using prices from underlying unlisted investment trusts.

Forward currency contracts are valued using quoted exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts as at the valuation date.

## 2 Fair value measurement (continued)

### Recognised fair value measurements

The following table presents the Fund's assets and liabilities measured and recognised at fair value through profit or loss across the fair value hierarchy.

As at 31 December 2024	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Financial assets</b>				
Financial assets at fair value through profit or loss:				
Derivatives	1,468	188	-	1,656
Unit trusts	-	877,140	98,740	975,880
<b>Total</b>	<b>1,468</b>	<b>877,328</b>	<b>98,740</b>	<b>977,536</b>
<b>Financial liabilities</b>				
Financial liabilities at fair value through profit or loss:				
Derivatives	3,065	368	-	3,433
<b>Total</b>	<b>3,065</b>	<b>368</b>	<b>-</b>	<b>3,433</b>
As at 30 June 2024	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Financial assets</b>				
Financial assets at fair value through profit or loss:				
Derivatives	1,023	-	-	1,023
Unit trusts	-	943,908	101,642	1,045,550
<b>Total</b>	<b>1,023</b>	<b>943,908</b>	<b>101,642</b>	<b>1,046,573</b>
<b>Financial liabilities</b>				
Financial liabilities at fair value through profit or loss:				
Derivatives	478	481	-	959
<b>Total</b>	<b>478</b>	<b>481</b>	<b>-</b>	<b>959</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.

#### (i) Transfers between levels

There were no transfers between levels for the half-year ended 31 December 2024. There were also no changes made to any of the valuation techniques applied as of 31 December 2024.

## 2 Fair value measurement (continued)

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

The following table presents the movement in level 3 instruments for the half-year ended 31 December 2024:

For the half-year ended 31 December 2024	Unlisted unit trusts \$'000
Opening balance	101,642
Purchases	1,202
Sales	(3,089)
Transfers	-
Gains/(losses) recognised in statement of comprehensive income*	<u>(1,015)</u>
Closing balance	<u>98,740</u>
*includes unrealised gains/(losses) recognised in the statement of comprehensive income attributable to balances held at the end of the reporting period	<u>(1,027)</u>

### (iii) Key unobservable inputs

Level 3 comprises investments in unlisted investment funds which are valued at fair value with reference to the net asset value as reported by the manager of such unlisted investment funds. These investment funds directly invest in infrastructure securities, investment properties and private property funds which are valued using valuation models based on unobservable market data (unobservable inputs).

These investments are not actively traded, therefore there are significant unobservable inputs into the fair value of this investment. The value provided by the investment manager has been used in the financial statements for valuation purposes. Management considers this value to be appropriate.

### (iv) 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 could be regarded as being level 2 or level 3 securities.

Further analysis, should it be required, is undertaken to determine the accounting significance of the identification. Changes in allocation to or from level 3 are analysed at the end of each reporting period.

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

The Fund has assets and liabilities carried at amortised cost. Due to their short-term nature, their carrying values are a reasonable approximation of fair value.

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

	As at	
	31 December 2024	30 June 2024
	Fair value \$'000	Fair value \$'000
<b>Financial assets at fair value through profit or loss</b>		
Derivatives	1,656	1,023
Unit trusts	<u>975,880</u>	<u>1,045,550</u>
<b>Total financial assets at fair value through profit or loss</b>	<u>977,536</u>	<u>1,046,573</u>

### 4 Financial liabilities at fair value through profit or loss

	As at	
	31 December 2024	30 June 2024
	Fair value \$'000	Fair value \$'000
<b>Financial liabilities at fair value through profit or loss</b>		
Derivatives	<u>3,433</u>	<u>959</u>
<b>Total financial liabilities at fair value through profit or loss</b>	<u>3,433</u>	<u>959</u>

### 5 Net assets attributable to unitholders

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

	Half-year ended			
	31 December 2024	31 December 2023	31 December 2024	31 December 2023
	No.'000	No.'000	\$'000	\$'000
<b>Class A</b>				
Opening balance	862,783	998,669	785,342	905,885
Applications	63,029	49,170	59,237	45,161
Redemptions	(93,061)	(131,769)	(88,235)	(119,670)
Units issued upon reinvestment of distributions	32	135	31	122
Increase/(decrease) in net assets attributable to unitholders	<u>-</u>	<u>-</u>	<u>47,905</u>	<u>37,218</u>
Closing balance	<u>832,783</u>	<u>916,205</u>	<u>804,280</u>	<u>868,716</u>
<b>Class C</b>				
Opening balance	176,773	201,815	174,276	198,267
Applications	14,082	6,745	14,289	6,681
Redemptions	(19,498)	(20,302)	(20,014)	(19,977)
Increase/(decrease) in net assets attributable to unitholders	<u>-</u>	<u>-</u>	<u>10,692</u>	<u>8,369</u>
Closing balance	<u>171,357</u>	<u>188,258</u>	<u>179,243</u>	<u>193,340</u>

## 5 Net assets attributable to unitholders (continued)

	31 December 2024 No.'000	Half-year ended 31 December 2023 No.'000	31 December 2024 \$'000	31 December 2023 \$'000
<b>Class D</b>				
Opening balance	34,448	48,253	33,094	46,193
Applications	372	790	364	768
Redemptions	(4,159)	(13,824)	(4,144)	(13,317)
Units issued upon reinvestment of distributions	71	124	72	118
Increase/(decrease) in net assets attributable to unitholders	-	-	2,004	1,678
Closing balance	30,732	35,343	31,390	35,440
<b>Total net assets attributable to unitholders - liability</b>	<b>1,034,872</b>	<b>1,139,806</b>	<b>1,014,913</b>	<b>1,097,496</b>

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 three separate classes of units. Each unit within the same class has the same rights as all other units within that class. Except for different management fee rates, the three different classes have the same preferences and restrictions.

## 6 Distributions to unitholders

The distributions for the half-year were as follows:

	31 December 2024 \$'000	Half-year ended 31 December 2024 CPU	31 December 2023 \$'000	31 December 2023 CPU
<b>Class A</b>				
Interim distributions	249	0.03	1,006	0.11
Distributions for the half-year	249	0.03	1,006	0.11
<b>Class C</b>				
Interim distributions	54	0.03	233	0.12
Distributions for the half-year	54	0.03	233	0.12
<b>Class D</b>				
Interim distributions	72	0.23	118	0.31
Distributions for the half-year	72	0.23	118	0.31
<b>Total distributions for the half-year</b>	<b>375</b>		<b>1,357</b>	

## 7 Responsible Entity's/manager's fees and other transactions

Under the terms of the Fund's constitution, the Responsible Entity is entitled to receive management fees and Responsible Entity's fees, calculated by reference to the average daily net assets of the Fund as follows:

Russell Investments Balanced Fund - Class A - Management fee 0.777% (2023: 0.777%) per annum.

Russell Investments Balanced Fund - Class C - Management fee 0.777% (2023: 0.777%) per annum.

Russell Investments Balanced Fund - Class D - Management fee Nil% (2023: Nil%) per annum.

The Responsible Entity's fee is 0.013% (2023: 0.013%) per annum of the average daily net assets for the half-year ended 31 December 2024. It is at the managers discretion to waive or rebate fees for specific wholesale investors as defined under section 761G of the *Corporations Act 2001*. The management fee rebates are disclosed as other operating income in the statement of comprehensive income.

All related party transactions are conducted on normal commercial terms and conditions. The transactions during the half-year and amounts payable at half-year end between the Fund and the Responsible Entity were as follows:

	31 December 2024	31 December 2023
	\$	\$
Management fees for the half-year incurred by the Fund	3,993,633	4,247,137
Responsible Entity's fees for the half-year incurred by the Fund	70,337	75,122
Aggregate amounts payable to the manager at the end of the reporting period	731,556	745,469
Aggregate amounts payable to the Responsible Entity at the end of the reporting period	12,243	12,501

## 8 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 2024 or on the results and cash flows of the Fund for the half-year ended on that date.

## 9 Contingent assets and liabilities and commitments

There were no outstanding contingent assets, liabilities or commitments as at 31 December 2024 and 30 June 2024.

## Directors' declaration

In the opinion of the directors of the Responsible Entity:

- (a) the financial statements and notes set out on pages 5 to 14 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 2024 and of its performance for the financial half-year ended on that date.
- (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  
6 March 2025





## ***Independent auditor's review report to the unitholders of Russell Investments Balanced Fund***

### **Report on the half-year financial report**

#### ***Conclusion***

We have reviewed the half-year financial report of Russell Investments Balanced Fund (the Fund) which comprises the statement of financial position as at 31 December 2024, 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' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Russell Investments Balanced Fund does not comply with the *Corporations Act 2001* including:

1. giving a true and fair view of the Fund's financial position as at 31 December 2024 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*.

#### ***Basis for conclusion***

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report.

We are independent of the Fund in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

#### ***Responsibilities of the directors of the Responsible Entity for the half-year financial report***

The directors of the Responsible Entity are responsible for the preparation of the half-year financial report, in accordance with Australian Accounting Standards and the *Corporations Act 2001*, including giving a true and fair view, 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.

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***Auditor's responsibilities for the review of the half-year financial report***

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether 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 Fund's financial position as at 31 December 2024 and of 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*.

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.

A stylized, handwritten signature of 'PricewaterhouseCoopers' in blue ink.

PricewaterhouseCoopers

A handwritten signature of Simon Cuthbert in blue ink.

Simon Cuthbert  
Partner

Sydney  
6 March 2025