

Russell Investments International Property Securities Fund – Hedged

ARSN 111 169 987

Interim report

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 International Property Securities Fund – Hedged during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

This interim report covers Russell Investments International Property Securities Fund – Hedged as an individual entity.

The Responsible Entity of the Russell Investments International Property Securities Fund – Hedged 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 International Property Securities Fund – Hedged, present their report together with the financial statements of Russell Investments International Property Securities Fund – Hedged (the "Fund"), for the half-year ended 31 December 2017.

Principal activities

The Fund typically invests in property trusts and property related securities listed on stock exchanges in developed international markets as set out in the Fund's offer documents and in accordance with the provisions of the Fund's Constitution. The Fund may also invest in securities which have exposure to properties in emerging markets.

The Fund utilises a Multi Style, Multi Manager investment approach which combines the individual strengths of multiple investment managers.

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.

Results

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

	Half-year ended	
	31 December 2017	31 December 2016
Operating profit/(loss) before finance costs attributable to unitholders (\$'000)	<u>11,408</u>	<u>1,270</u>
<i>Distributions - Class A</i>		
Distributions paid and payable (\$'000)	<u>2,318</u>	<u>-</u>
Distribution (Cents per unit - CPU)	<u>1.93</u>	<u>-</u>
<i>Distributions - Class D</i>		
Distributions paid and payable (\$'000)	<u>1,559</u>	<u>-</u>
Distribution (Cents per unit - CPU)	<u>2.44</u>	<u>-</u>

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.

Further information on likely developments in the operations of the Fund and the expected results of those operations have not been included in this report because the Responsible Entity believes it would be likely to result in unreasonable prejudice to the Fund.

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 International Property Securities Fund – Hedged 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

Statement of comprehensive income

		Half-year ended	
		31 December 2017	31 December 2016
	Notes	\$'000	\$'000
Investment income			
Interest income from financial assets not held at fair value through profit or loss		2	3
Distributions income		4,029	3,740
Net gains/(losses) on financial instruments held at fair value through profit or loss		9,189	(535)
Other operating income		<u>-</u>	<u>51</u>
Total investment income/(loss)		<u>13,220</u>	<u>3,259</u>
Expenses			
Management fees		591	579
Responsible Entity's fees		14	15
Custody fees		47	27
Auditor's remuneration		14	18
Transaction costs		274	218
Withholding taxes		741	790
Other operating expenses		<u>131</u>	<u>342</u>
Total operating expenses		<u>1,812</u>	<u>1,989</u>
Operating profit/(loss) for the half-year		<u>11,408</u>	<u>1,270</u>
Finance costs attributable to unitholders			
Distributions to unitholders	6	(3,877)	-
(Increase)/decrease in net assets attributable to unitholders	5	<u>(7,531)</u>	<u>(1,270)</u>
Profit/(loss) for the half-year		<u>-</u>	<u>-</u>
Other comprehensive income for the half-year		<u>-</u>	<u>-</u>
Total comprehensive income for the half-year		<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 2017	30 June 2017
	Notes	\$'000	\$'000
Assets			
Cash and cash equivalents		8,451	2,590
Deposits held with brokers for margin		533	222
Receivables		1,199	1,263
Due from brokers - receivable for securities sold		922	857
Financial assets held at fair value through profit or loss	3	<u>198,884</u>	<u>219,948</u>
Total assets		<u>209,989</u>	<u>224,880</u>
Liabilities			
Payables		355	921
Distributions payable to unitholders	6	298	1,598
Due to brokers - payable for securities purchased		552	693
Financial liabilities held at fair value through profit or loss	4	<u>296</u>	<u>1,515</u>
Total liabilities (excluding net assets attributable to unitholders)		<u>1,501</u>	<u>4,727</u>
Net assets attributable to unitholders - liability	5	<u>208,488</u>	<u>220,153</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 2017 \$'000	31 December 2016 \$'000
Total equity at the beginning of the financial half-year	-	-
Profit/(loss) for the half-year	-	-
Other comprehensive income for the half-year	-	-
Total comprehensive income for the half-year	-	-
Transactions with owners in their capacity as owners	-	-
Total equity at the end of the financial half-year	-	-

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 2017 \$'000	31 December 2016 \$'000
Cash flows from operating activities		
Proceeds related to financial instruments held at fair value through profit or loss	125,179	66,837
Payments related to financial instruments held at fair value through profit or loss	(96,226)	(58,601)
Distributions received	3,225	2,606
Interest received/(paid)	2	4
Amount received from/(paid to) brokers for margin	(311)	621
Management fees paid	(599)	(564)
Responsible Entity fees paid	(14)	(14)
Payment of other expenses	(429)	(570)
Net cash inflow/(outflow) from operating activities	<u>30,827</u>	<u>10,319</u>
Cash flows from financing activities		
Proceeds from applications by unitholders	17,137	27,091
Payments for redemptions by unitholders	(40,367)	(38,486)
Distributions paid	(1,738)	-
Net cash inflow/(outflow) from financing activities	<u>(24,968)</u>	<u>(11,395)</u>
Net increase/(decrease) in cash and cash equivalents	5,859	(1,076)
Cash and cash equivalents at the beginning of the half-year	2,590	10,095
Effects of foreign currency exchange rate changes on cash and cash equivalents	2	69
Cash and cash equivalents at the end of the half-year	<u>8,451</u>	<u>9,088</u>

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

Contents of the notes to the financial statements

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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 International Property Securities Fund – Hedged (the “Fund”) as an individual entity. The Fund was constituted on 12 October 2004 and will terminate on 11 October 2084 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 International Property Securities Fund – Hedged 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 typically invests in property trusts and property related securities listed on stock exchanges in developed international markets as set out in the Fund’s offer documents and in accordance with the provisions of the Fund’s Constitution. The Fund may also invest in securities which have exposure to properties in emerging markets.

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.

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.

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 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)

2 Fair value measurement (continued)

- Financial assets / liabilities held for trading (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 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.

(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.

Some of the inputs to these models may not be market observable and are therefore estimated based on assumptions.

The output of a model is always an estimate or approximation of a value that cannot be determined with certainty and valuation techniques employed may not fully reflect all factors relevant to the positions the Fund holds. Valuations are therefore adjusted, where appropriate, to allow for additional factors including liquidity risk and counterparty risk.

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 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
Financial assets				
Financial assets held for trading:				
Derivatives	49	6,060	-	6,109
Financial assets designated at fair value through profit or loss at inception:				
Equity securities	43,023	-	-	43,023
Unit trusts	149,752	-	-	149,752
Total	<u>192,824</u>	<u>6,060</u>	<u>-</u>	<u>198,884</u>
Financial liabilities				
Financial liabilities held for trading:				
Derivatives	-	296	-	296
Total	<u>-</u>	<u>296</u>	<u>-</u>	<u>296</u>
As at 30 June 2017	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets				
Financial assets held for trading:				
Derivatives	1	7,410	-	7,411
Financial assets designated at fair value through profit or loss at inception:				
Equity securities	44,946	-	530	45,476
Unit trusts	167,061	-	-	167,061
Total	<u>212,008</u>	<u>7,410</u>	<u>530</u>	<u>219,948</u>
Financial liabilities				
Financial liabilities held for trading:				
Derivatives	9	1,506	-	1,515
Total	<u>9</u>	<u>1,506</u>	<u>-</u>	<u>1,515</u>

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 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.

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 2017:

As at 31 December 2017	Debt securities \$'000
Opening balance	530
Purchases	-
Sales	-
Transfers	-
Gains and losses recognised in statement of comprehensive income	<u>(530)</u>
Closing balance	<u>-</u>
Total gains or losses for the year included in the Statement of comprehensive income for financial assets and liabilities at the end of the half-year	<u>(530)</u>

The following table presents the movement in level 3 instruments for the year ended 30 June 2017:

As at 30 June 2017	Debt securities \$'000
Opening balance	-
Purchases	-
Sales	-
Transfers	-
Gains and losses recognised in statement of comprehensive income	<u>530</u>
Closing balance	<u>530</u>
Total gains or losses for the year included in the Statement of comprehensive income for financial assets and liabilities at the end of the year	<u>530</u>

(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
Held for trading		
Derivatives	6,109	7,411
Total held for trading	<u>6,109</u>	<u>7,411</u>
Designated at fair value through profit or loss		
Equity securities	43,023	45,476
Unit trusts	149,752	167,061
Total designated at fair value through profit or loss	<u>192,775</u>	<u>212,537</u>
Total financial assets held at fair value through profit or loss	<u>198,884</u>	<u>219,948</u>
Comprising:		
Derivatives		
Australian share price index futures	1	-
International share price index futures	48	1
Foreign currency contracts	6,060	7,410
Total derivatives	<u>6,109</u>	<u>7,411</u>
Equity securities		
International equity securities	43,023	45,476
Total equity securities	<u>43,023</u>	<u>45,476</u>
Unit trusts		
Unit trusts	149,752	167,061
Total unit trusts	<u>149,752</u>	<u>167,061</u>
Total financial assets held at fair value through profit or loss	<u>198,884</u>	<u>219,948</u>

4 Financial liabilities held at fair value through profit or loss

	Aa at	
	31 December 2017	30 June 2017
	Fair value \$'000	Fair value \$'000
Held for trading		
Derivatives	<u>296</u>	1,515
Total held for trading	<u>296</u>	1,515
Total financial liabilities held at fair value through profit or loss	<u>296</u>	1,515
Comprising:		
Derivatives		
International share price index futures	-	9
Foreign currency contracts	<u>296</u>	1,506
Total derivatives	<u>296</u>	1,515
Total financial liabilities held at fair value through profit or loss	<u>296</u>	1,515

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 2017	31 December 2016	31 December 2017	31 December 2016
	No.'000	No.'000	\$'000	\$'000
Class A				
Opening balance	129,313	121,302	141,928	135,695
Applications	2,798	58,010	3,128	63,948
Redemptions	(15,794)	(18,901)	(17,764)	(21,005)
Units issued upon reinvestment of distributions	1,675	-	1,880	-
Increase/(decrease) in net assets attributable to unitholders	<u>-</u>	<u>-</u>	<u>4,801</u>	<u>849</u>
Closing balance	<u>117,992</u>	<u>160,411</u>	<u>133,973</u>	<u>179,487</u>
Class D				
Opening balance	68,623	77,906	78,225	90,532
Applications	12,136	7,037	14,009	8,106
Redemptions	(18,946)	(15,048)	(22,008)	(17,468)
Units issued upon reinvestment of distributions	1,337	-	1,559	-
Increase/(decrease) in net assets attributable to unitholders	<u>-</u>	<u>-</u>	<u>2,730</u>	<u>421</u>
Closing balance	<u>63,150</u>	<u>69,895</u>	<u>74,515</u>	<u>81,591</u>
Total net assets attributable to unitholders - liability	<u>181,142</u>	<u>230,306</u>	<u>208,488</u>	<u>261,078</u>

5 Net assets attributable to unitholders (continued)

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 two 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 two different classes have the same preferences and restrictions.

During the half-year, the applications of \$0 (2016: \$44,970,212) are satisfied by asset in specie transfer in the form of parcel of quoted securities and are non-cash in nature.

6 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
Class A				
Distributions for the half-year	<u>2,318</u>	<u>1.93</u>	-	-
Class D				
Distributions for the half-year	<u>1,559</u>	<u>2.44</u>	-	-
Total distributions for the half-year	<u>3,877</u>		-	

At 31 December 2017, the above distributions for class A and class D include distribution payable amount of \$298,126 (2016: \$0) and \$0 (2016: \$0) respectively.

7 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.

8 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 16 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 International Property Securities Fund – Hedged

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Russell Investments International Property Securities Fund – Hedged (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 International Property Securities Fund – Hedged, 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*.

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 International Property Securities Fund – Hedged 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 handwritten signature in blue ink, appearing to read 'PricewaterhouseCoopers', written in a cursive style.

PricewaterhouseCoopers

A handwritten signature in blue ink, appearing to read 'Joe Sheeran', written in a cursive style.

Joe Sheeran
Partner

Sydney
8 March 2018