

Russell Investments Managed Portfolio - Balanced

Asset allocation as at 30 November 2021²



■ Alternatives	4.1%
■ Aust Shares	28.8%
■ Property	7.9%
■ Fixed Int & Cash	28.0%
■ Int Shares	31.2%

Portfolio objective

To provide returns over the medium to long term, with moderate to high volatility, consistent with a diversified mix of predominantly growth oriented assets and some defensive assets.

Portfolio strategy

The Portfolio typically invests in a diversified investment mix with exposure to growth investments of around 70% and defensive investments of around 30% over the long term, however the allocations will be actively managed within the allowable ranges depending on market conditions.

Performance review

Period ending 30/11/2021	1 month %	3 months %	1 year % p.a.	2 years % p.a.	3 years % p.a.	5 years % p.a.	Since inception % p.a.
Total return	1.4	-0.6	13.7	7.3	-	-	8.2

Performance is net of fees and charges. Assumes reinvestments of income. Past performance is not a reliable indicator of future performance.

Fund Facts

Inception date

19 June 2019

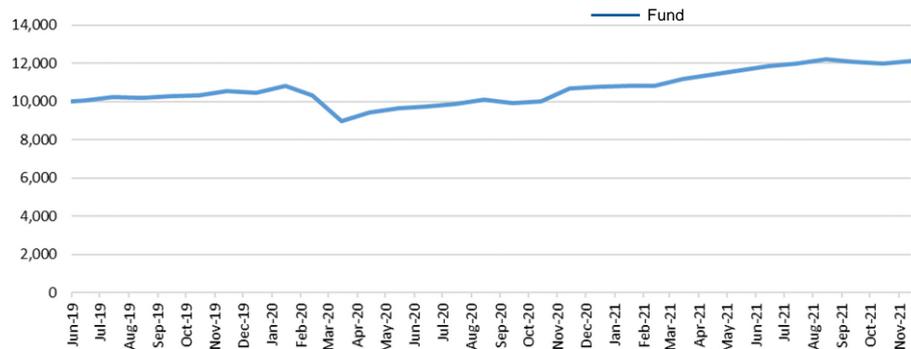
Portfolio manager

Daniel Choo

Recommended investment timeframe

5 years

Growth of \$10,000



Performance results are net of management fees for both the Managed Portfolio and the underlying managers' fees and costs. These results do not take into account any third party platform fees charged to individual investors or transaction costs (which include buy/sell spread and brokerage fees). They assume income received is reinvested without any tax deduction. An individual investor's actual performance will differ from this performance depending on a range of factors including the amount invested in the Managed Portfolio, transaction timing, transaction costs, actual underlying manager fees and costs, any exclusions selected by the investor, whether income is paid in cash and any divergence by the investor from Managed Portfolio weightings. In addition, the actual performance experienced by individual investors may be aggregated and averaged by platform providers, resulting in a further departure from the performance results published here. Past performance is not a reliable indicator of future performance.



IMAP
MANAGED ACCOUNT
AWARD FINALIST
MULTI ASSET



Russell Investments Managed Portfolios have been rated Superior by SQM Research¹ for world class manager research capabilities and management of multi-asset portfolios.

Russell Investments Managed Portfolio – Balanced (continued)

Portfolio commentary

The Russell Investments Managed Portfolio – Balanced returned 1.4% on a net of fees basis in November.

The Portfolio's exposure to Australian listed property contributed positively to performance over the period; the asset class significantly outperforming the broader share market following the Reserve Bank of Australia (RBA)'s decision to maintain its ultra-easy monetary policy settings and a sharp decline in longer-term government bond yields. Our exposure to the strong-performing iShares S&P Small Cap ETF also added value in November as US small caps outperformed their developed peers over the period. The Portfolio also benefited from its exposure to Vanguard's US Total Market Shares Index ETF. Meanwhile, a weaker Australian dollar boosted the returns from our unhedged global shares exposures over the period. In contrast, the Portfolio's underweight to US equities detracted from overall returns in November. Performance was further impacted by the Portfolio's value factor bias, with value stocks continuing to underperform their growth counterparts in November.

In terms of overall positioning, the current strategy is to buy back into equities on market reversals as our medium-term outlook on the asset class remains positive. However, we still feel it's too early to increase our equity exposure as our sentiment indicators are not yet pointing to oversold conditions. More broadly, we retain the same themes as recent months, i.e. a preference for emerging markets over developed markets and overweights to both global small caps and credit. Our strategy to 'buy the dip' in growth assets hasn't been necessary but we believe we'll eventually see a market correction worth buying into. To this end, we reserve some capital to capture opportunities as they arise. In saying that, we expect to trim some growth asset exposure if the market continues to run higher (as a way of rebalancing).

The Portfolio's direct Australian equity component outperformed the benchmark over the period. Our holdings in iron ore major, Fortescue Metals Group, industrial property giant, Goodman Group, and building supplier, James Hardie, all contributed positively to returns in November. Partly offsetting these positions were our holdings in Westpac Banking Corp., Commonwealth Bank of Australia and Woodside Petroleum; the latter impacted by a near 21% decline in oil prices over the period.

Moving forward, near-term risks include the Delta and Omicron (or similar) variants proving resilient to vaccines and/or an escalation in infection rates during the Northern Hemisphere winter. Other watchpoints include inflation (and central banks' responses) and a sharper-than-expected slowdown in China; though Beijing has already signalled that more stimulus is on the way.

Market commentary

Global share markets fell in local currency terms in November. Stocks actually began the month well, benefiting from further encouraging US and European earnings updates, better-than-expected US non-farm payrolls data and news the euro-zone economy expanded 2.2% in the third quarter. Partly offsetting these data points were a decline in US manufacturing activity and news that US consumer prices rose a further 0.9% in October. Sentiment was further buoyed by the prospect of additional US infrastructure spending and a thawing of sorts in Sino-US relations following a cordial meeting between the two countries' leaders. However, stocks turned lower midway through the month amid fears that rising COVID-19 infections in the US, Europe and China could derail the global recovery and potentially add to already high inflationary pressures. Compounding this was the discovery of a new variant of the virus in South Africa. Australian shares tracked a similar path to their global counterparts over the period.

Global bonds made modest gains in November, while global credit markets were weaker overall. Australian bonds outperformed their global peers, while domestic credit spreads widened.

Russell Investments Managed Portfolio – Balanced (continued)

Detailed Asset Allocation

Portfolio holdings ²	Weight
ASX100 SMA Portfolio	21.3%
AGL Energy Ltd	0.2%
Altium Ltd	0.4%
Amcor PLC	0.5%
Aristocrat Leisure Ltd	0.6%
Aurizon Holdings Ltd	0.3%
Australia and New Zealand Banking Group Ltd	1.1%
BHP Group Ltd	1.5%
Coles Group Ltd	0.4%
Commonwealth Bank of Australia	1.8%
CSL Ltd	1.6%
Dexus	0.7%
Fortescue Metals Group Ltd	0.4%
Goodman Group	0.8%
James Hardie Industries PLC DR	0.7%
Macquarie Group Ltd	1.2%
National Australia Bank Ltd	1.4%
Newcrest Mining Ltd	0.4%
Orica Ltd	0.3%
Rio Tinto Ltd	0.5%
Sonic Healthcare Ltd	0.6%
South32 Ltd	0.5%
Suncorp Group Ltd	0.6%
Telstra Corp Ltd	0.9%
Transurban Group	0.9%
Wesfarmers Ltd	0.8%
Westpac Banking Corp	1.1%
Woodside Petroleum Ltd	0.3%
Woolworths Group Ltd	0.4%
Xero Ltd	0.3%
Ampol Ltd	0.3%
Russell Multi Asset Growth Strategy Plus Fund	
Russell Multi Asset Income Strategy Fund	
Russell Multi-Asset Growth Strategy Fund	33.6%
Russell Investments Australian Select Corp Bond ETF	0.9%
Russell Investments Australian Govt Bond ETF	3.7%
Russell Investments Australian-Semi Govt Bond ETF	2.0%
Vanguard Australian Shares Index ETF	2.1%
Vanguard FTSE All-World ex-US Shares Index ETF	5.5%
Vanguard Australia Property Securities ETF	6.5%
Vanguard FTSE Emerging Markets ETF	1.0%
Vanguard Global Aggregate Bond ETF	2.9%
Vanguard US Total Market Shares Index ETF	8.5%
Vanguard Global Value Equity Active ETF	3.5%
Vanguard MSCI International Shares Hedged ETF	2.1%
iShares Core Cash ETF	1.3%
iShares Government Inflation ETF	
iShares S&P Small-Cap ETF CDI	2.0%
Russell Investments Global Opportunities Fund	2.0%
Vanguard International Credit Securities Index (Hedged) ETF	
Cash	1.1%

Portfolio holdings may not equal 100% due to rounding.

Russell Investments Managed Portfolio – Balanced (continued)

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Footnotes

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2 Allocations may not equal 100% due to rounding.

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