

Russell Investments NZ Fixed Interest Fund



Clive Smith
PORTFOLIO MANAGER

Russell Investments' New Zealand Fixed Income Team brings over 20 years of experience in managing portfolios. The team works closely with our researchers, portfolio analysts, and strategists in Russell Investments offices around the globe. The team manages cash and multi-strategy fixed income portfolios, which include global, regional, investment grade, high yield, emerging market debt and absolute return mandates.

Fund Facts

Inception date

14 February 2013

Benchmark

Bloomberg NZ Bond Composite 0+ Yr Index

Currency

NZD

Total Annual Fund Charges incl. GST

0.49%

Management Fees

0.40%

Estimated Administration Fee

0.09%

Dealing Frequency; Cut Off

Daily, 11am NZT

Dividend Reinvestment Available

Yes

Fund Objective

To provide a total return, before costs and tax, higher than the Bloomberg NZ Bond Composite 0+ Yr Index over the long term (3 years plus).

Fund Update

Credit positioning contributed positively to performance as spreads narrowed throughout the period. In particular, the Fund benefited from overweights to corporate bonds and supranational, sovereign and agency bonds. Duration positioning also added value. Both Harbour Asset Management and Western Asset Management maintained long duration exposures throughout the month; positioning that benefited from a decline in government bond yields. Security selection added further, albeit modest value over the period. This included overweights to New Zealand Local Government Funding Agency and Dunedin City Treasury. The Fund's exposure to inflation-indexed bonds also contributed positively to performance.

Performance Review (%)

Period Ending 31/05/2024	1 month %	3 months %	1 year %	3 years %p.a.	5 years %p.a.	Since Inception %p.a.
Gross Fund Performance	0.94	1.09	3.88	-0.65	0.45	3.13
Net Fund Performance	0.90	0.97	3.38	-1.18	-0.18	2.41
Benchmark Return	0.86	0.92	3.25	-1.36	-0.24	2.50
Excess Fund Performance (Gross)	0.08	0.17	0.63	0.71	0.69	0.63

Rolling 12 Month Performance (%)

Period Ending 31/05/24	31/05/19 31/05/20	31/05/20 31/05/21	31/05/21 31/05/22	31/05/22 31/05/23	31/05/23 31/05/24
Gross Fund Performance	6.26	-1.85	-7.25	1.78	3.88
Net Fund Performance	5.45	-2.59	-7.83	1.28	3.38
Benchmark Return	6.60	-3.40	-7.87	0.89	3.25

*As at 28 Jun 19 the benchmark changed to the Bloomberg NZ Bond composite index. From December 2014 through to June 2019 the benchmark was 75:25 weighted average of the S&P/NZX NZ Government Stock Index and S&P/NZX A-Grade Corporate Index. Prior to December 2014 the benchmark was the S&P/NZX NZ Government Stock Index.

Net fund performance shown is net of fees and charges. Assumes reinvestment of income.

Performance data is provided for informational purposes only and is not intended to imply a recommendation about a product or form the basis for making an investment decision.

Past performance is not a reliable indicator of future performance.

Portfolio Statistics

	Fund	Benchmark	3 Years	Fund	Benchmark
Yield to Maturity	5.02%	5.08%	Volatility	5.03%	4.96%
Modified Duration	4.94	4.85	Tracking Error	0.32%	-
Average Quality\Rating	AA	AAA	Sharpe Ratio	-0.59	-
Number of Issuers	153	11	Information Ratio	2.18	-

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Top Ten Issuers (%)

Issuer	Fund	Benchmark
New Zealand Government Bond	38.22	64.75
Housing New Zealand Ltd	4.78	2.66
New Zealand Local Government Funding Agency Bond	4.50	6.31
Bank of New Zealand	3.67	0.00
New Zealand Government Inflation Linked Bond	3.21	0.00
Kiwibank Ltd	2.34	0.00
Auckland Council	2.23	0.44
Westpac New Zealand Ltd	2.13	0.00
Spark Finance Ltd	2.00	0.00
Dunedin City Treasury Ltd	1.94	0.00

Credit Ratings (%)

	Fund	Benchmark
AAA	65.72	88.45
A	15.53	6.10
AA	9.66	2.92
BBB	5.31	2.37
Unrated	3.77	0.16
BB	0.00	0.00
B	0.00	0.00
CCC & Below	0.00	0.00

Note: Cash/Cash equivalents are classified as AAA from a credit ratings perspective.

Sector Allocation (%)

	Fund	Benchmark
Treasuries	42.02	64.76
Government Related	26.24	23.67
Corporate - Investment Grade	20.36	8.63
Other	7.61	0.16
Emerging Markets - Hard Currency	1.92	2.78
Securitized	1.85	0.00

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Portfolio Structure

Manager	Style	Target Allocation (%)
Harbour Asset Management Limited	Core	49.75
Western Asset Management Company Pty Ltd	New Zealand Core	49.75
Russell Investments	Positioning Strategies	0.50

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