

# Fund Profile

An in-depth look at Russell Investments' Sector Funds

## Russell Investments Low Carbon Global Shares Fund

The Russell Investments Low Carbon Global Shares Fund (the Fund) provides investors with a sustainable investment solution that supports the management of climate change risk and the transition to a low carbon economy. Designed with Russell Investments' proprietary decarbonisation investment strategy, the Fund comprehensively considers the value and measure of carbon, green energy and environmental, social and governance (ESG) characteristics.

### Investment approach

The Fund is designed to provide access to a broad range of global shares, in developed and emerging markets, with a reduced exposure to carbon emissions and fossil fuel reserves by 50% compared to its benchmark.

The Fund goes beyond carbon reduction alone, aiming to provide an increased exposure to renewable energy, an improved aggregate ESG profile and a targeted reduction in coal exposure.

The investment team uses a systematic portfolio construction approach beginning with the MSCI All Countries World

Index (ACWI) ex Australia. The team is then able to tilt the portfolio away from companies with high exposure to carbon-intensive activities and increase weighting in those companies with positive ESG characteristics, as well as those involved in the development of renewable energy.

The Fund applies asset, sector, industry and country constraints and minimises active share to effectively deliver low tracking error. This portfolio construction process negates unintuitive outcomes that can arise with other optimisation techniques.



"The Fund significantly reduces exposure to carbon risk, while maintaining global equity returns."

**JAMES HARWOOD**  
PORTFOLIO MANAGER,  
RUSSELL INVESTMENTS



CERTIFIED BY RIAA

The Certification Symbol signifies that a product or service offers an investment style that takes into account environmental, social, governance or ethical considerations. The Symbol also signifies the Russell Investments Low Carbon Global Shares Fund adheres to the strict operational and disclosure practices required under the Responsible Investment Certification Program for the category of Product Provider. The Certification Symbol is a Registered Trade Mark of the Responsible Investment Association Australasia (RIAA). Detailed information about RIAA, the Symbol and the Russell Investments Low Carbon Global Shares Fund methodology, performance and stock holdings can be found at [www.responsibleinvestments.com.au](http://www.responsibleinvestments.com.au), together with details about other responsible investment products certified by RIAA.\*

## Quick Overview

**Inception date:** 10th October 2017

**Benchmark:** MSCI ACWI ex Australia Index Net

**AUM:** AUD\$427.57 million (as at 30/06/2019)

**Recommended timeframe:** At least 7 years

# Russell Investments Low Carbon Global Shares Fund

Our proprietary decarbonisation strategy delivers the following characteristics:

FACTOR	CHARACTERISTICS
CARBON EMISSIONS	Reduction of 50% compared to benchmark
CARBON RESERVES	Reduction of 50% compared to benchmark
GREEN ENERGY	Improve green energy ratio. Target firms that are positively exposed to renewable power generation
COAL MINING AND POWER GENERATION	Zero holding of companies with significant involvement in coal-related activities <sup>1</sup>
ESG	Maintain or improve ESG score

With a strong focus on sustainable investment considerations, the Fund captures additional exclusion criteria including:

FACTOR	EXCLUSION CRITERIA
TOBACCO	Exclusion of companies that manufacture cigarettes and other tobacco products
NUCLEAR WEAPONS CLUSTER MUNITIONS AND ANTI-PERSONNEL MINES	Exclusion of companies involved in the core system or components of weapons system <sup>2</sup>
URANIUM	Exclusion of uranium corporations <sup>3</sup>

## Monitoring the sustainability agenda

Sustainability will continue to be a key determinant of risk and opportunity for companies globally and will likely evolve over time. Our active sustainability research agenda will ensure that the Fund's strategy will adapt to reflect the changing market conditions, within a risk controlled framework.

1 As defined by companies with more than 10% of their revenue derived from mining thermal coal or more than 10% of their power generation from coal. In addition to the above criteria, forward-looking information about a company's overall positioning for an energy transition is considered. Specifically, companies who produce a significant (as at January 1, 2019, we employ a 10% threshold for classifying companies as having significant) share of their power generation from renewable sources may be exempt and companies who have made public commitments to fully divest from their coal-related activities and have made tangible progress towards that goal may also be exempt.

2 considered tailor-made and essential for lethal use

3 according to SIC 1094 and NAICS

## RUSSELL INVESTMENTS – COMMITTED TO RESPONSIBLE INVESTMENT

A signatory to the UNPRI since 2009	Member of the Institutional Investors Group on Climate Change	Member of the Investor Group on Climate Change	Signatory of the Carbon Disclosure Project since 2010
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Signatory of:



**For further information, please contact your Russell Investments representative or call 09-357-6633**

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