

# Russell Investments Emerging Markets Fund

## Fund facts

### Inception date

30 April 2007

### Benchmark

MSCI Emerging Markets Index - Net

### Currency

NZD

## Rolling 1 year performance history



## Performance review

Period ending 31/07/2021	1 month %	3 months %	1 year %	3 years %p.a.	5 years %p.a.	Since inception %p.a.
Gross fund performance	-5.5	-0.7	19.0	7.7	11.6	6.2
Benchmark return*	-6.6	-1.7	15.1	7.0	10.9	5.1
Excess return	1.1	1.0	3.9	0.6	0.7	1.0

Note: Past performance is not indicative of future performance. Performance data shown is gross of fees, charges or taxes and is not in any way an indicator of the net return to you as an investor. Performance is calculated on exit price.

\* MSCI Emerging Markets Free Index 31/12/2008, MSCI Emerging Markets Net Index until 31/12/2010, Russell Emerging Markets - Net Index until 31/12/2017 and MSCI Emerging Markets Net Index thereafter.

## Fund commentary

The Russell Investments Emerging Markets Fund outperformed the benchmark in July. Contributing to the Fund's outperformance was an underweight exposure and strong stock selection in China. Chinese stocks underperformed the broader market on the back of growth concerns and Beijing's ongoing regulatory crackdown, which was widened in July to include the country's booming private education sector. As part of the crackdown, the government banned companies operating within the sector from making a profit or raising capital. Companies also can no longer teach foreign curriculums, import foreign textbooks or employ foreign teachers. This latest move comes in the wake of similar regulatory crackdowns on the country's technology and property sectors. Specifically, the Fund benefited from underweights to Meituan, Alibaba and TAL Education Group, which fell almost 80% over the period. Other key China positions to add value were underweights to mega-cap growth stocks such as Tencent Holdings, carmaker NIO, Inc. and Pinduoduo; all of which recorded double-digit declines for the month. The Fund also benefited from an ex-benchmark exposure to Vietnam and strong stock selection in India, including overweights to Tata Steel, ICICI Bank and State Bank of India. At the sector level, stock selection was strongest within consumer discretionary and information technology; notably overweights to Taiwanese names like United Microelectronics Corp. and Realtek Semiconductor Corp. In terms of strategic factor performance, our small cap value exposure added value over the period as investors continued to rotate out of growth-oriented names in favour of more cyclical and cheaper value stocks. In contrast, underweight exposures to Saudi Arabia and South Africa detracted from overall performance in July. Poor stock selection in South Korea also impacted on returns, including overweights to SK hynix, KB Financial Group and country heavyweight Samsung Electronics. Performance was further impacted by poor stock selection within the industrials and energy sectors; the latter including an underweight to Russian giant Gazprom. Other notable positions to impact returns were underweights to China's Great Wall Motor Co., Mexico's América Móvil, S.A.B. de C.V. and India's Infosys.

Moving forward, we maintain underweight exposures to China, particularly mega-cap growth names, Saudi Arabia and Malaysia. We also maintain overweight exposures to South Korea, Russia and Brazil, as well as tilts toward value and momentum factors; which is in line with our strategic preferences. At the sector level, the Fund is most overweight financials, materials and industrials, and most underweight communication services, healthcare and consumer-related names.

## Russell Investments Emerging Markets Fund

### Sector allocation

	Fund	Benchmark
Information Technology	22.0%	21.2%
Financials	20.3%	18.4%
Consumer Discretionary	12.7%	16.3%
Materials	10.9%	9.2%
Communication Services	7.5%	10.7%
Industrials	6.4%	4.9%
Energy	5.7%	5.1%
Consumer Staples	5.0%	5.6%
Health Care	3.6%	4.9%
Utilities	2.6%	2.0%
Real Estate	2.1%	1.8%
Other	1.2%	0.0%

### Geographic exposure

	Fund	Benchmark
China	31.7%	34.6%
South Korea	14.5%	13.4%
Taiwan	13.4%	14.6%
India	10.6%	10.7%
Brazil	6.1%	5.3%
Russia	4.0%	3.5%
South Africa	2.5%	3.7%
Mexico	2.4%	1.9%
Indonesia	1.5%	1.2%
Other	13.3%	11.1%

### Top ten holdings

Security
Taiwan Semiconductor Manufacturing Co., Ltd.
Samsung Electronics Co., Ltd.
Tencent Holdings Ltd.
Alibaba Group Holding Ltd.
Sberbank Russia PJSC Sponsored ADR
SK hynix Inc
Oil company LUKOIL PJSC Sponsored ADR
MediaTek Inc
Alibaba Group Holding Ltd. Sponsored ADR
Hana Financial Group Inc.

# Russell Investments Emerging Markets Fund

## Portfolio structure

Manager	Style	Strategic weight %
Alliance Bernstein	Value	13.0
Axiom International Investors	Quality, Growth	13.0
Barrow Hanley	Contrarian value, quality characteristics	10.0
Bin Yuan	Pan China, small to mid-cap, quality characteristics	5.0
Man Numeric Investors	Value, momentum	12.0
Neuberger Berman	Growth	12.0
Oaktree Capital	Market-oriented	12.0
Russell Investments	Positioning strategies	13.0
RWC Partners	Opportunistic, focus on value & growth	10.0

### Footnotes

All information contained in this document is for the current reporting period unless otherwise stated.

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