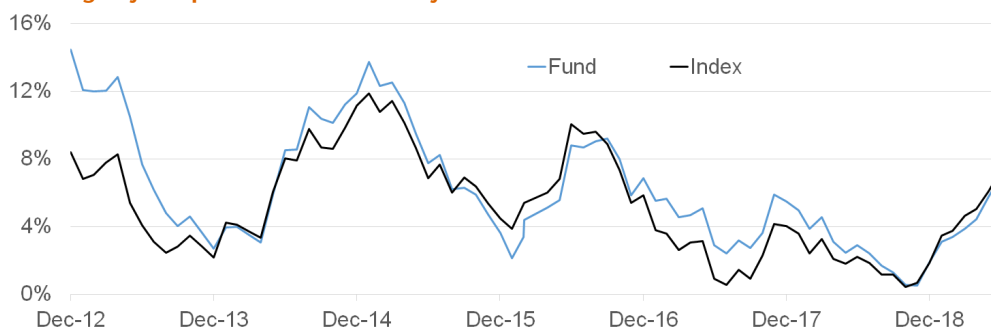


Russell Investments Global Bond Fund RIML

Fund facts	
Inception date	21 December 2011
Benchmark	Bloomberg Barclays Global Aggregate Index (\$NZ Hedged)
Currency	NZD

Rolling 1-year performance history



Performance review

Period ending 30/06/2019	1 month %	3 months %	1 year %	3 years %p.a.	5 years %p.a.	Since inception %p.a.
Gross fund performance	1.4	2.8	6.9	4.2	5.8	6.9
Benchmark return	1.3	2.7	7.3	3.4	5.4	5.8
Excess return	0.1	0.0	-0.4	0.8	0.4	1.1

Past performance is not a reliable indicator 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.

Fund commentary

The Russell Investments Global Bond Fund (NZD hedged) finished slightly ahead of the benchmark in the second quarter.

Rates positioning drove performance, notably through overweights in the US and Brazil. An underweight in Germany was a slight detractor. Within credit, an overweight to investment-grade financials and non-agency RMBS as well as an underweight to agency RMBS proved beneficial. An underweight government-related had a negative effect. In active currency positioning, an overweight to the British pound and underweights to the Swiss franc and Thai baht offset the gains generated through overweights to Japanese yen, Mexican peso and underweight to the New Zealand dollar.

In the second quarter Schroders outperformed the benchmark with performance driven by their exposure to non-agency MBS, CMBS and ABS. The Russell Investments positioning strategy registered negative returns. Our rates positioning strategy was positive via the overweights to the UK and Germany. The underweight in the US was negative. Active currency positioning had a negative effect, notably through an overweight British pound and underweight Swiss franc. The overweight to the Canadian dollar moderated this effect.

Portfolio statistics

	Fund	Benchmark
Modified duration	6.62	6.91
Yield to maturity*	2.08%	1.64%
Average to maturity	9.16	8.85
Average credit rating	AA-	AA

Data as at 31 May 2019

* Note that yield to maturity is reported on an unhedged basis

Russell Investments Global Bond Fund

Sector allocation

	Fund	Benchmark
Governments & Cash	45.6%	50.9%
RMBS	12.0%	11.4%
EMD	10.7%	6.9%
IG Finance	9.9%	6.8%
IG Industrials	8.4%	9.9%
ABS	5.0%	0.2%
Government Related	3.3%	9.0%
CMBS	3.0%	0.9%
Corporate HY	2.0%	-
Others	0.2%	4.0%

Data as at 31 May 2019

Credit quality weights

	Fund	Benchmark
AAA	38.9%	40.0%
A	26.2%	28.9%
BBB	13.6%	15.3%
AA	8.4%	15.8%
Under BBB	7.3%	-
Not rated	5.6%	-

Data as at 31 May 2019

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

Portfolio structure

Manager	Style	Strategic weight %	Comment
BlueBay	Country & credit selection	20.0	BlueBay performed in line with the benchmark over the quarter. Long Chinese renminbi and Russian ruble positions added value, while underweights to investment-grade industrials and utilities detracted from performance.
Colchester	Rates & currency – value	23.0	Interest rates and currency specialist Colchester underperformed the benchmark over the quarter, driven largely by a long Swedish krone position and underweights to German, French and UK government bonds.
Insight	Macro / Sector rotation	20.0	Insight outperformed the benchmark over the quarter. The manager's credit positioning added value, including overweights to corporate high-yield debt and investment-grade financials. A long Norwegian krone position was also positive.
Voya	Diversified alpha	12.0	Voya Investment Management was added to the Fund's manager line up in June. The manager has yet to complete a full quarter of performance.
Russell Investments	Positioning strategy, currency factors	15.0	The strategy outperformed the benchmark over the quarter, benefiting in part from a short Swiss franc position. Overweights to UK gilts and German bunds also added value.
Schroders	Securitized specialist	10.0	Corporate credit specialist Schroders outperformed the benchmark over the quarter, benefiting largely from their exposure to commercial and non-agency mortgage-backed securities.

Important Information

The information contained in this publication was prepared by Russell Investment Group Limited on the basis of information available at the time of preparation. This publication provides general information only and should not be relied upon in making an investment decision. Before acting on any information, you should consider the appropriateness of the information provided and the nature of the relevant Russell Investments' fund having regard to your objectives, financial situation and needs. In particular, you should seek independent financial advice and read the relevant Product Disclosure Statement or Information Memorandum prior to making an investment decision about a Russell Investments' fund. Accordingly, Russell Investment Group Limited and their directors will not be liable (to the maximum extent permitted by law) for any loss or damage arising as a result of reliance being placed on any of the information contained in this publication. None of Russell Investment Group Limited, any member of the Russell Investments group of companies, their directors or any other person guarantees the repayment of your capital or the return of income. All investments are subject to risks. Significant risks are outlined in the Product Disclosure Statements or the Information Memorandum for the applicable Russell Investments' fund. Past performance is not a reliable indicator of future performance.

The Product Disclosure Statements or the Information Memorandum for the Russell Investments' funds (as applicable) are available by contacting Russell Investment Group Limited on 09 357 6633 or 0800 357 6633.

Copyright © 2019 Russell Investments. All rights reserved. This information contained in this publication is proprietary and may not be reproduced, transferred, or distributed in any form without prior written permission from Russell Investments.