

31 July 2019

Russell Investments Global Opportunities Fund - \$NZ Hedged

Fund facts

Inception date

31 March 2005

Benchmark

MSCI ACWI Index - 100%
Hedged to NZD - Net

Currency

NZD

Rolling 1 year performance history



Chart data in AUD

Performance review

Period ending 31/07/2019	1 month %	3 months %	1 year %	3 years %p.a.	5 years %p.a.	Since inception %p.a.
Gross fund performance	0.5	-0.2	2.1	11.5	10.4	8.9
Benchmark return	0.9	0.3	3.7	11.4	9.5	8.5
Excess return	-0.4	-0.4	-1.6	0.1	0.9	0.5

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.

* MSCI World Net - \$NZ Hedged Index until 31/12/2010, Russell Global Large Cap \$NZ Hedged - Net until 30/09/2018 and MSCI ACWI Index - 100% Hedged to NZD - Net thereafter.

Fund commentary

The Russell Investments Global Opportunities Fund \$NZ hedged underperformed the benchmark on a gross of fees and tax basis in July.

Contributing to the Fund's underperformance was an overweight exposure and poor stock selection in the UK, including an overweight to energy giant, BP. An underweight exposure and poor stock selection in the US also detracted from returns; most notably an underweight to Apple and an overweight to Pfizer. Other notable positions to detract from performance were overweights to South Korea's Samsung Electronics and Switzerland's Roche Holding AG, and an ex-benchmark holding in India's HDFC Bank. The active positioning strategy (APS) was a slight detractor to performance. The strategy is currently positioned in favour of the value factor, as value is now as cheap as it's been since 2000. Further, we expect slowing economic growth to be a headwind for the growth factor.

In contrast, the Fund benefited from positive stock selection within the financials sector. This included overweights to US ratings agency Moody's Corp. and US bank Fifth Third Bancorp. Other notable positions to add value in July were overweights to Taiwan Semiconductor Manufacturing Co. and Vodafone Group (UK), and a zero exposure to US multinational, Boeing. An underweight exposure to the materials sector was also positive after commodity prices weakened over the period.

There were no material changes to either the Fund's structure or manager line up in July. In terms of overall positioning, we reduced our underweights to North America and Asia Pacific ex Japan during the month. We also increased our overweights to Japan and emerging markets, while extending the Fund's underweight to Continental Europe. Our overweight to the UK was unchanged.

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Sector allocation

	Fund	Benchmark
Financials	19.5%	16.8%
Information Technology	15.8%	16.4%
Health Care	12.2%	11.3%
Consumer Discretionary	9.8%	10.9%
Industrials	9.5%	10.4%
Communication Services	8.9%	8.9%
Consumer Staples	8.1%	8.4%
Energy	7.4%	5.7%
Materials	4.2%	4.8%
Real Estate	2.2%	3.2%
Utilities	2.0%	3.3%
Other	0.5%	-

Geographic exposure

	Fund	Benchmark
North America	52.1%	59.0%
Emea Ex United Kingdom	16.4%	14.0%
Emerging	14.7%	11.3%
Japan	9.4%	7.1%
United Kingdom	5.3%	4.9%
Asia/Pacific Ex Japan	2.0%	3.8%

Top ten holdings

Security
Microsoft Corporation
Roche Holding AG
Nestle S.A.
Apple Inc.
Samsung Electronics Co., Ltd.
Johnson & Johnson
Wells Fargo & Company
Oracle Corporation
Pfizer Inc.
BP p.l.c.

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Portfolio structure

Manager	Style	Weight %
Fiera Capital	Core global equities	17.5
J O Hambro Capital Management	UK equity dynamic	6.0
Janus (Perkins)	Core global equities	12.0
Man Numeric Investors	Core global equities	15.0
QUAERO CAPITAL	Japanese equities	7.0
Russell Investments	Positioning strategies	12.5
RWC Partners	Global emerging markets	6.0
Sanders Capital, LLC	Core global value	16.0
Wellington Management Company LLP	Core global growth horizons	8.0

Footnotes

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

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