

Russell Investments

Global High Yield Fund



Portfolio Manager
Keith Brakebill

Russell Investments' Global Fixed Income Team comprises over 9 experienced professionals, including portfolio managers, 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

Share class; Dealing ccy

Class NZDH-A Acc; NZD

Dealing frequency; Cut off

Daily; 2.00pm GMT

Domicile; Category

Ireland; UCITS

Fund size

EUR 567.44m

ISIN; Bloomberg

IE00BYH8666; RUGNZDH ID

Fund launch date

31 July 1998

Share class launch date

01 February 2018

Management fee

1.00%

Share class NAV

NZD 1,050.94

Fund objective

The Fund aims to achieve long term income and growth by investing in high yield corporate bonds issued by companies in both developed and emerging markets, using a multi-strategy investment approach. The Fund invests in bonds issued which pay either a fixed or variable rate of interest. The Fund is broadly diversified across countries worldwide and across currencies and with varying maturities.

Fund update

Tepid resumption of trade talks between the US and China at the end of the month and a "mid-cycle adjustment" rate cut by the Fed, led to very slight tightening of corporate high yield spreads over the period. In Europe, EU leaders nominated IMF Chief Christine Lagarde to be the new head of the ECB. Markets reacted hopefully to the news, as investors bet that she will supply a fresh round of stimulus to spur growth. However, Brexiteer Boris Johnson's appointment as PM and thus, an increased likelihood for a hard Brexit, weighed heavily on investor sentiment. Political uncertainty in Italy was also a headwind and further contributed to the sharp widening of EU high yield spreads. The Fund marginally underperformed over the month.

Performance review (%)

Performance to period end Returns shown in NZD	1 month	3 months	Year to date	12 months	3 years	5 years	Since inception*
Return gross of management fee Class NZDH-A Acc	0.6	1.0	9.0	7.0	-	-	4.4
Return net of management fee Class NZDH-A Acc	0.5	0.8	8.4	6.0	-	-	3.4
ICE BofAML Developed Markets High Yield Constrained Index NZDH	0.6	1.6	9.9	7.0	-	-	4.7

*Inception: 01 February 2018

All returns greater than 1 year are annualised

Discrete rolling 12 month performance (%)

Returns shown in NZD	30/06/14 30/06/15	30/06/15 30/06/16	30/06/16 30/06/17	30/06/17 30/06/18	30/06/18 30/06/19
Return gross of management fee Class NZDH-A Acc	-	-	-	-	7.9
Return net of management fee Class NZDH-A Acc	-	-	-	-	6.8
ICE BofAML Developed Markets High Yield Constrained Index NZDH	-	-	-	-	7.8

Past performance is not a guide to future performance.

On 3 December 2015 the Russell Global Strategic Yield changed its name to Russell Global High Yield.

Portfolio statistics

	Fund Benchmark	
Effective duration	3.5	3.2
Average maturity	7.0	4.7
Average credit rating	BB+	BB-
Yield to worst	5.4	5.4

Data as at 30 June 2019
Source: Factset

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Global High Yield Fund (continued)

Ten largest holdings by weight

Security	Fund
One Call Corp 7.5 01-Jul-2024	0.7%
Bhp Billiton Finance Ltd 6.5 22-Oct-2077	0.6%
Treasury Bill 0 03-Sep-2019	0.6%
Toll Bros Finance Corp 4.35 15-Feb-2028	0.6%
Enbridge Inc 5.5 15-Jul-2077	0.6%
Goodyear Tire & Rubber 4.875 15-Mar-2027	0.6%
Tenet Healthcare Corp 4.625 15-Jul-2024	0.5%
Reynolds Group Holdings Frn 05-Feb-2023	0.5%
T-Mobile Usa Inc 4.75 01-Feb-2028	0.5%
Ardagh Pkg Fin/Hldgs Usa 4.75 15-Jul-2027	0.5%

Source: State Street

Credit quality weights

	Fund	Benchmark
AAA & Cash	13.1%	0.1%
AA	0.4%	-
A	0.0%	-
BBB	10.0%	0.8%
BB	35.0%	50.0%
B	23.0%	36.9%
CCC	16.2%	12.1%
NR/Other	2.3%	0.1%

Data as at 30 June 2019
Source: Factset

Fund structure

Manager/Strategy	Role in fund	Target	Actual
DDJ	Focus on US issue selection in small and mid-cap lower rated names	20.0%	13.2%
Hermes	Global top-down tactical approach. Emphasis on capital structure trades	30.0%	28.5%
Barings	Focus on credit selection; accessing illiquidity and value premia	25.0%	27.4%
Russell Investments	Positioning strategy targeting currency factors, real yield, fallen angels & HYC	25.0%	25.7%
Russell Investments (cash & other)		-	5.1%

Sector weights

	Fund	Benchmark
Corporate HY	72.4%	98.4%
Governments and Cash	13.4%	-
IG - Industrials	6.2%	0.5%
EMD	4.5%	0.4%
IG - Finance	2.2%	0.2%
Gov-related	1.4%	0.4%
ABS	-	0.1%

Data as at 30 June 2019

Source: Factset

Governments and Cash includes the market value of all derivative positions except for TBAs, which are shown under RMBS Agency.

Market weight (ccy)

	Fund	Benchmark
USD	64.1%	77.5%
EUR	26.3%	19.5%
GBP	9.5%	2.6%
CNY	0.4%	-
CAD	0.0%	0.4%
AUD	0.0%	-
ARS	0.0%	-
JPY	0.0%	-
Others	-0.4%	0.0%

Data as at 30 June 2019

Source: Factset

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