

Russell Investments

Global High Yield Fund

Article 8



Portfolio Manager
Gerard Fitzpatrick

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 495.69m

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 1,194.76

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. The Fund invests in bonds issued which pay either a fixed or variable rate of interest. The Fund is actively managed with reference to the ICE BofA Developed Markets HY Constrained Index (EUR) (the "Index") which it seeks to outperform by 0.75% over the medium to long term. Russell Investments/ Money Managers have full discretion to select investments for the Fund.

This product is an Article 8 product, as defined under EU regulation - it promotes environmental or social characteristics and invests in companies that follow good governance practices. This product does not have sustainable investment as its objective.

Fund update

The Fund was flat, underperforming the benchmark over the month. In general, high yield underperformed investment grade credit with the exception of European high yield credit, which outperformed. The Fund's overweight to high yield industrials was unrewarded while an overweight to European investment grade industrials was helpful. In US credit, underweights to high yield industrials was detrimental; an overweight to investment grade industrials was also unhelpful but to a lesser extent. An underweight to high yield credit in Canada was ineffective. In hard currency emerging market debt, an overweight to high yield credit in Asia was additive while an overweight to Latin American high yield was ineffective.

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	0.1	8.7	0.1	8.6	2.3	4.6	4.0
Return net of management fee Class NZDH-A Acc	0.0	8.4	0.0	7.6	1.3	3.6	3.0
ICE BofA Developed Markets HY Constrained Index (NZD Hdg)	0.3	7.8	0.3	9.5	1.7	3.7	3.3

*Inception: 01 February 2018

All returns greater than 1 year are annualised

Data as at 31 January 2024

Discrete rolling 12 month performance (%)

Returns shown in NZD	31/12/23 31/12/22	31/12/22 31/12/21	31/12/21 31/12/20	31/12/20 31/12/19	31/12/19 31/12/18
Return gross of management fee Class NZDH-A Acc	12.1	-10.9	7.4	7.1	12.6
Return net of management fee Class NZDH-A Acc	11.0	-11.7	6.4	6.0	11.5
ICE BofA Developed Markets HY Constrained Index (NZD Hdg)	13.2	-11.5	5.1	4.2	13.2

Past performance does not predict future returns.

The current benchmark is the ICE BofA Developed Markets HY Constrained Index (NZD Hdg). Prior to 31st March 2019 the benchmark was BofAml Global High Yield 2% Constrained NZDH Index. Prior to 3rd December 2015, the composite benchmark was 70% BofAml Global High Yield 2% Constrained NZDH, 30% JP Morgan EMBIG NZDH.

Russell Investments

Global High Yield Fund (continued)

Portfolio statistics

	Fund Benchmark	
Effective duration	3.3	3.0
Average maturity	7.0	6.1
Average credit rating	BB	B
Yield to worst	5.1	6.3

Data as at 31 December 2023

3 years	Fund Benchmark	
Volatility	7.7	8.0
Tracking error	1.6%	-
Sharpe ratio	-0.2	-0.1
Information ratio	-0.3	-
3 year return (net)	1.3%	1.7%
3 year excess return (net)	-0.4%	-

Ten largest holdings by weight

Security	Fund
Treasury Bill 0 30-May-2024	3.9%
Us Treasury N/B 0.25 15-Mar-2024	2.8%
United Kingdom Gilt 1 22-Apr-2024	1.0%
Global Air Lease Co Ltd 6.5 15-Sep-2024	0.5%
Cellnex Telecom Sa 0.75 20-Nov-2031	0.5%
Travelex Issuerc Ltd 0.5 05-Aug-2025	0.5%
Iqvia Inc 2.25 15-Mar-2029	0.4%
Icahn Enterprises/Fin 6.25 15-May-2026	0.4%
Pike Corp 5.5 01-Sep-2028	0.4%
Ball Corp 2.875 15-Aug-2030	0.4%

Source: State Street
Data as at 31 January 2024

Sector weights

	Fund	Benchmark
Corporates	88.4%	96.0%
Treasuries	8.4%	-
EMD Hard	5.8%	3.0%
Gov-related	1.7%	1.0%
Loans	0.4%	-
Securitised	0.1%	-
Other	-4.8%	-

Data as at 31 December 2023

Credit quality weights

	Fund	Benchmark
AAA & Cash	1.0%	-
AA	1.1%	-
BBB	9.2%	0.2%
BB	55.0%	46.1%
B	23.8%	42.3%
CCC	7.4%	11.3%
NR/Other	2.5%	0.0%

Data as at 31 December 2023

Market weight (ccy)

	Fund	Benchmark
USD	62.7%	73.6%
EUR	30.8%	22.8%
GBP	6.3%	2.9%
CHF	0.2%	-
CAD	0.0%	0.8%
ARS	0.0%	-
JPY	0.0%	-
AUD	0.0%	-

Data as at 31 December 2023

Russell Investments

Global High Yield Fund (continued)

ESG data

	Fund	Benchmark
ESG Score	22.7	23.7
Carbon footprint	223.0	240.9

Data as at 31 December 2023

Source: The portfolio-level ESG Risk Rating is the weighted average of the Sustainalytics' Risk Rating for securities in the portfolio. The Sustainalytics Risk Rating details are available at <https://www.sustainalytics.com/esg-data>. Carbon footprint is the weighted average carbon intensity of the Scope 1 and 2 carbon emission intensity of companies in the portfolio. It is measured in tonnes of CO₂e divided by revenue (USD \$M).

Fund structure

Manager/Strategy	Role in fund	Target	Actual
Hermes	Global top-down tactical approach. Emphasis on capital structure trades	35.0%	32.5%
Barings	Focus on credit selection; accessing illiquidity and value premia	35.0%	33.3%
Russell Investments	Positioning strategy	30.0%	26.2%
Russell Investments (cash & other)		-	8.0%

Data as at 31 January 2024

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 © 2024 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