

Russell Investments NZ Fixed Interest Fund



Portfolio Manager
Clive Smith

Russell Investments' New Zealand Fixed Income Team brings over 20 years of experience in managing portfolios.

The team works closely with our 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

Inception date

14 February 2013

Benchmark**

Bloomberg NZ Bond Composite Index

Currency

NZD

Total Annual Fund Charges

0.49%

Management Fees

0.40%

Estimated Administration Fee

0.09%

Dealing frequency; Cut off

Daily, 11am NZT

Dividend reinvestment available

Yes

Fund objective

To provide a total return, before costs and tax, higher than the Bloomberg NZ Bond Composite 0+ Yr Index over the long term (3 years plus).

Fund update

Sector positioning contributed positively to fund performance; notably our corporate and supranational, sovereign and agency bond exposures, which outperformed as spreads tightened throughout the period. Duration positioning was also positive in January, including Harbour Asset Management's overweight to bonds with zero to three-year maturities. This positioning benefited from the decline in bond yields we saw over the period. Our exposure to inflation-indexed bonds added further, albeit modest, value in January, while security selection detracted slightly from overall performance.

Performance review (%)

Period ending 31/01/2023	1 month	3 months	1 year p.a.	3 years p.a.	5 years p.a.	Since inception p.a.
Gross fund performance	2.07	1.93	-3.84	-1.83	1.22	3.04
Net fund performance	2.03	1.80	-4.31	-2.47	0.51	2.29
Benchmark return*	1.98	1.57	-4.48	-2.67	0.67	2.38
Excess fund performance (gross)	0.09	0.35	0.65	0.84	0.54	0.65

Rolling 12 month performance (%)

Period ending 31/01/2023	31/01/18 31/01/19	31/01/19 31/01/20	31/01/20 31/01/21	31/01/21 31/01/22	31/01/22 31/01/23
Gross fund performance	5.63	6.29	3.74	-5.16	-3.84
Net fund performance	4.83	5.49	2.95	-5.83	-4.31
Benchmark return*	5.59	6.21	2.80	-6.10	-4.48

*As at 28 Jun 19 the benchmark changed to the Bloomberg NZ Bond composite index. From December 2014 through to June 2019 the benchmark was 75:25 weighted average of the S&P/NZX NZ Government Stock Index and S&P/NZX A-Grade Corporate Index. Prior to December 2014 the benchmark was the S&P/NZX NZ Government Stock Index.

Net fund performance shown is net of fees and charges. Assumes reinvestment of income.

Performance data is provided for informational purposes only and is not intended to imply a recommendation about a product or form the basis for making an investment decision.

Past performance is not a reliable indicator of future performance.

Portfolio statistics

	Fund	Benchmark
Duration	4.73	4.38
Yield	1.86%	4.92%
Average quality/rating	AA	AAA
Number of issuers	59	50

Data as at 31 December 2022

3 years	Fund	Benchmark
Volatility	4.75%	4.57%
Tracking error	0.95%	-
Sharpe ratio	-0.51	-
Information ratio	0.89	-

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Top ten issuers (%)

Security	Fund	Benchmark
NEW ZEALAND GOVERNMENT	40.00	62.20
NZ LOCAL GOVT FUNDING AGENCY LTD	8.20	7.92
HOUSING NEW ZEALAND LIMITED	4.69	3.45
ASB BANK LIMITED	3.41	1.44
WESTPAC NEW ZEALAND LIMITED	3.37	1.81
ANZ BANK NEW ZEALAND LIMITED	2.11	0.87
BANK OF NEW ZEALAND	2.08	1.73
KIWIBANK LIMITED	1.81	0.52
INTL BANK FOR RECONSTRUCTION & DEV	1.78	3.56
DUNEDIN CITY TREASURY LIMITED	1.65	0.09

Data as at 31 December 2022

Credit ratings (%)

	Fund	Benchmark
AAA	67.09	88.33
AA	7.54	1.80
A	17.41	7.69
BBB	5.14	2.04
Not Rated	2.82	0.14

Data as at 31 December 2022

Portfolio structure

Manager	Style	Target
Harbour Asset Management	Short-term local rates	50.00%
Western Asset Management	Medium-term thematic strategy	50.00%

Footnotes

**Effective August 24, 2021, the Bloomberg Barclays fixed income indices were rebranded the Bloomberg Indices.

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