

# 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 0+ Yr Index

### Currency

NZD

### Total Annual Fund Charges incl. GST

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

Duration positioning contributed positively to performance over the period; much of which was driven by Harbour Asset Management. Harbour increased their long duration exposure ahead of the release of the RBNZ's latest Statement on Monetary Policy. In response to the Statement, the market pushed longer-term government bond yields lower, which benefited Harbour's positioning. The Fund's exposure to inflation-indexed bonds also added value, while credit positioning and security selection made only modest contributions to performance. In terms of credit, the Fund benefited from an overweight to supranational, sovereign and agency bonds. At the security level, overweights to Wellington International Airport and Housing New Zealand added the most value.

## Performance review (%)

| Period ending 29/02/2024        | 1 month | 3 months | 1 year p.a. | 3 years p.a. | 5 years p.a. | Since inception p.a. |
|---------------------------------|---------|----------|-------------|--------------|--------------|----------------------|
| Gross fund performance          | -0.18   | 2.10     | 5.40        | -0.80        | 0.76         | 3.10                 |
| Net fund performance            | -0.22   | 1.98     | 4.89        | -1.35        | 0.12         | 2.38                 |
| Benchmark return*               | -0.24   | 1.97     | 4.77        | -1.48        | 0.10         | 2.47                 |
| Excess fund performance (gross) | 0.06    | 0.13     | 0.63        | 0.68         | 0.66         | 0.63                 |

## Rolling 12 month performance (%)

| Period ending 29/02/2024 | 28/02/19<br>29/02/20 | 29/02/20<br>28/02/21 | 28/02/21<br>28/02/22 | 28/02/22<br>28/02/23 | 28/02/23<br>29/02/24 |
|--------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Gross fund performance   | 6.81                 | -0.36                | -3.00                | -4.53                | 5.40                 |
| Net fund performance     | 6.00                 | -1.12                | -3.66                | -5.00                | 4.89                 |
| Benchmark return*        | 6.86                 | -1.64                | -3.75                | -5.16                | 4.77                 |

\*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               | 4.50  | 4.39      |
| Yield                  | 4.74% | 4.92%     |
| Average quality/rating | AA    | AAA       |
| Number of issuers      | 63    | 50        |

Data as at 31 January 2024

| 3 years           | Fund  | Benchmark |
|-------------------|-------|-----------|
| Volatility        | 4.96% | 4.90%     |
| Tracking error    | 0.34% | -         |
| Sharpe ratio      | -0.56 | -         |
| Information ratio | 1.96  | -         |

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## Top ten issuers (%)

| Security                                     | Fund  | Benchmark |
|--|-------|-----------|
| New Zealand Government Bond                  | 36.74 | 64.18     |
| NZ Local Government Funding Agency Bond      | 5.36  | 6.91      |
| Housing New Zealand Ltd                      | 4.60  | 2.59      |
| New Zealand Government Inflation Linked Bond | 3.77  | -         |
| Bank of New Zealand                          | 3.58  | -         |
| Westpac New Zealand Ltd                      | 3.17  | -         |
| Kiwibank Ltd                                 | 2.52  | -         |
| Auckland Council                             | 2.51  | 0.43      |
| Asian Development Bank                       | 1.94  | 0.44      |
| Intl Bank for Reconstruction & Development   | 1.69  | 1.09      |

Data as at 31 January 2024

## Credit ratings (%)

|            | Fund  | Benchmark |
|------------|-------|-----------|
| Unassigned | 3.36  | 0.22      |
| AAA        | 66.26 | 88.29     |
| AA         | 8.29  | 1.74      |
| A          | 16.46 | 7.39      |
| BBB        | 5.63  | 2.36      |

Data as at 31 January 2024

## Sector allocation(%)

|                      | Fund  | Benchmark |
|----------------------|-------|-----------|
| Government           | 69.8% | 90.5%     |
| Corporate            | 23.0% | 9.6%      |
| Cash                 | 5.1%  | -         |
| Securitized Products | 2.0%  | -         |

Data as at 31 January 2024

# Russell Investments NZ Fixed Interest Fund

## Portfolio structure (manager weight)

| Manager                  | Style                         | Target Allocation |
|--------------------------|-------------------------------|-------------------|
| Harbour Asset Management | Short-term local rates        | 50%               |
| Western Asset Management | Medium-term thematic strategy | 50%               |

### Footnotes

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

## Important Information

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