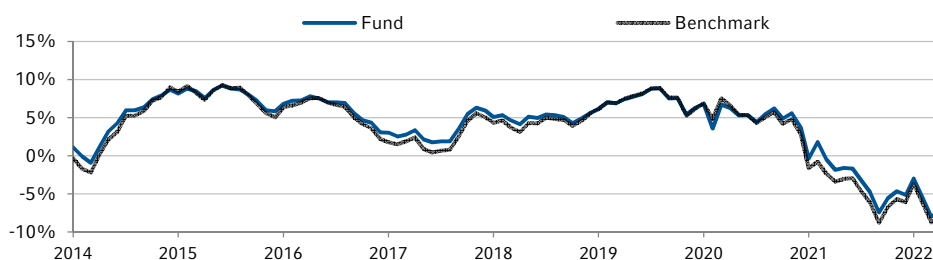


Russell Investments NZ Fixed Interest Fund

Fund facts
Inception date
14 February 2013
Benchmark
Bloomberg NZ Bond Composite Index
Currency
NZD

Rolling 1 year performance history



Performance review

Period ending 31/05/2022	1 month %	3 months %	1 year %	3 years %p.a.	5 years %p.a.	Since inception %p.a.
Gross fund performance	0.2	-3.8	-7.3	-1.1	1.6	3.2
Benchmark return*	0.2	-3.7	-7.9	-1.7	1.0	2.6
Excess return	0.0	0.0	0.6	0.6	0.6	0.6

*As at 28 Jun 19 the index 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. Performance is calculated on exit price.

Fund commentary

The Russell Investments NZ Fixed Interest Fund performed in line with the benchmark in May.

Duration positioning contributed positively to performance over the period. Both Harbour Asset Management and Western Asset Management maintained long duration exposures throughout the month; positioning which benefited from the decline in bond yields we saw in May. Both Harbour and Western maintain tactical approaches to duration in order to take advantage of opportunities where they believe the market may have overshot the mark. Our long-held overweight to credit also added (modest) value, with a small widening in credit spreads narrowly offset by the additional yield that corporate bonds provide. In contrast, the Fund's exposure to inflation-indexed bonds detracted from overall performance in May. Security selection also weighed on returns, with weakness from names like New Zealand Local Government Funding Agency and Spark Finance overshadowing gains from our holding in Asian Development Bank.

Moving forward, the Fund remains underweight government debt and overweight credit. Importantly, the majority of the Fund's holdings are rated AA or better.

The Fund's cash position at month end was 4.74%.

Russell Investments NZ Fixed Interest Fund

The following information provides the investment and exposures within the underlying investment portfolio. Please note that this information is indicative only and is provided for general purposes only.

Portfolio statistics

	Fund	Benchmark
Duration	5.17	5.01
Yield	2.83%	3.66%
Average quality/rating	AA	AAA
Number of issuers	61	50

Data as at 30 April 2022

Top 10 issuers

	Fund %	Benchmark %
NEW ZEALAND GOVERNMENT	35.5%	63.9%
NEW ZEALAND LOCAL GOVERNMENT	6.9%	7.3%
HOUSING NEW ZEALAND LIMITED	5.6%	3.1%
ANZ BANK NEW ZEALAND LIMITED	3.1%	1.1%
BANK OF NEW ZEALAND	3.1%	1.2%
WESTPAC NEW ZEALAND LIMITED	3.0%	1.9%
TRANSPower NEW ZEALAND LIMITED	2.8%	0.7%
ASB BANK LIMITED	2.3%	0.8%
LANDWIRTSCH. RENTENBANK	2.3%	1.1%
INTL BANK FOR RECONSTRUCTION &	2.1%	3.5%

Data as at 30 April 2022

Credit ratings

	Fund %	Benchmark %
AAA	66.8%	88.7%
AA	8.0%	2.1%
A	18.0%	6.7%
BBB	5.4%	2.2%
Not Rated	1.8%	0.3%

Data as at 30 April 2022

Investment performance and positions

The performance in this fact sheet is gross of fees and tax. Investors should also refer to the quarterly Fund Update, which is available on www.iisolutions.co.nz and www.business.govt.nz/disclose

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