

# Managed Portfolios - Strategic Index



Quarter to 31 December 2025

## Macroeconomic views and asset allocation positioning

Topic	Market highlights	Portfolio positioning
<b>Equity markets diverge but show promise for 2026</b>	<p>Global equities delivered positive returns in the fourth quarter; emerging markets and other non-US developed markets outperformed the United States. Australian markets posted gains in late December but there were bouts of volatility. Mineral and resources companies benefitted from record-high prices for things like copper, gold and silver. Monetary policy diverged as well, with the US Federal Reserve delivering a rate cut in December while the Reserve Bank of Australia kept rates stable. Others, like the Bank of Japan, raised rates.</p> <p>While tech firms – particularly AI-related – continue to be influential drivers of value, there was volatility in November as concerns arose around revenue forecasts and capital expenditures to build and maintain data centres.</p> <p>Positive corporate earnings were related largely to productivity gains in the US that are attributable to AI; there is a focus on hyper-scaling companies and the amount of debt they need to take on to keep pace with their peers.</p>	<p>The Russell Investments Managed Portfolios benefitted from a modest overweight to global equities during the quarter, a position which we retain into 2026, supported by an improved US economic cycle, strong corporate earnings and resilient US labour markets which are not showing heightened signs of bad unemployment.</p> <p>Overall, the portfolios remain positioned close to their long-term strategic asset allocations where we retain an overweight to global equities and a modest overweight to duration, paired with an underweight to lower rated credit.</p>
<b>Central banks continue to lower interest rates amid easing inflation</b>	<p>Global inflation trends diverged in the last quarter. US inflation slowed to 2.7% per November data, which is below forecasts; the UK saw inflation decline to 3.2% from 3.6% in October. Both the Federal Reserve and Bank of England reduced their bank rates in December as a result, by 0.25%.</p> <p>The European Central Bank kept all key interest rates unchanged at its December meeting, noting that inflation was within band but that strong labour markets and domestic demand may limit further disinflation.</p> <p>The Reserve Bank of Australia kept its cash rate steady through the quarter, noting a recent uptick in inflation and unemployment figures.</p>	<p>There were no portfolio positioning changes during the quarter.</p> <p>Moving forward, the portfolios' defensive allocations remain close to their long-term strategic asset allocation targets.</p>



## Portfolio performance at 31 December 2025 (%)

Russell Investments Strategic Index Managed portfolios	1 month	3 months	1 year	3 years (p.a.)	5 years (p.a.)	since inception (cumulative)
<b>Diversified 50</b>	0.15	0.52	-	-	-	9.77
<b>Balanced</b>	0.31	0.77	-	-	-	12.44
<b>Growth</b>	0.37	1.18	-	-	-	15.27
<b>High Growth</b>	0.39	1.11	-	-	-	15.70
<b>Geared 120</b>	0.82	1.12	-	-	-	17.87

This performance is net of management fees for both the Managed Portfolio and the underlying managers' fees and costs. It does not take into account any third party platform fees charged to individual investors or transaction costs (including buy/sell spreads and brokerage fees). It assumes income is reinvested without any tax deduction. It is for Russell Investment Management Limited's preferred model portfolio of holdings. A holding in the preferred model portfolio may be restricted or replaced with another similar asset in the Managed Portfolio on different platforms if the preferred holding is not available. Different platforms may also charge different management fees for the Managed Portfolio. This can result in variances in performance of the Managed Portfolio between platforms. An individual investor's performance will differ, according to the investor's actual exposures to Managed Portfolio holdings and other factors (including transaction timing, transaction costs, actual underlying manager fees and costs and whether income is paid in cash). Platforms will have their own methodology for calculating performance, at both a platform level and an individual investor level. Past performance is not a reliable indicator of future performance. Please contact your platform for details of your performance or current holdings in the Managed Portfolio. In advising your clients, you should consider that using past performance information for periods of less than 12 months would usually be inappropriate and may be misleading (cash-type investments excluded).



## Asset class allocations at 31 December 2025 (%)

Asset class	Risk profile				
	Diversified 50	Balanced	Growth	High Growth	Geared 120
Growth assets	<b>53.9</b>	<b>73.6</b>	<b>91.9</b>	<b>98.1</b>	<b>118.9</b>
Australian equity	19.2	28.0	33.9	38.6	46.9
Global equity	28.3	37.1	50.2	48.0	60.0
Australian property	2.1	3.4	2.8	3.2	3.2
Global property	2.8	3.2	3.9	3.9	3.7
Infrastructure	0.5	1.0	1.0	4.4	5.1
Growth alternatives	0.0	0.0	0.0	0.0	0.0
Extended credit	0.9	0.9	0.0	0.0	0.0
Defensive assets	<b>46.1</b>	<b>26.4</b>	<b>8.1</b>	<b>1.9</b>	<b>1.3</b>
Loans & absolute return credit	0.0	0.0	0.0	0.0	0.0
Australian fixed income	21.2	11.9	3.4	0.0	0.0
Global fixed income	13.5	7.9	2.5	0.0	0.0
Defensive alternatives	0.0	0.0	0.0	0.0	0.0
Short-term credit	0.0	0.0	0.0	0.0	0.0
Cash	11.3	6.6	2.2	1.9	1.3



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