

Managed Portfolios - Strategic Index



Market and portfolio update for the September quarter 2025

Macroeconomic views and asset allocation positioning

Topic	Market highlights	Portfolio positioning
Emerging markets perform strongly on optimism around Chinese tech	<ul style="list-style-type: none"> Emerging market equities posted strong gains through the September quarter, fueled by renewed optimism in China's technology and consumer sectors. Beijing's targeted stimulus measures — including easier credit conditions, support for the property market, and incentives for innovation — helped lift confidence after a sluggish first half. Major Chinese tech names surged as investors anticipated better earnings momentum and regulatory stability, while broader Asian markets benefited from stronger regional trade flows and improved risk appetite. The result was a broad-based rally that saw emerging markets outpace developed peers for the quarter. 	<ul style="list-style-type: none"> The portfolios exposure to emerging markets added to the positive returns during the quarter. The portfolios have exposure to emerging market equities via both the passive exposure through the Vanguard FTSE Emerging Markets Shares ETF. Looking forward, we retain a modest overweight to emerging market equities after reducing the size of this tilt during the quarter. Whilst returns have been strong, valuations are still attractive on a relative basis, and a weakening US dollar may continue to provide a tailwind.
Labour market concerns bring Fed cuts back to the table	<ul style="list-style-type: none"> Global markets finished the September quarter higher as signs of a cooling U.S. labour market pushed the Fed to ease policy once in mid-September, trimming the target federal-funds range by 25 basis points to 4.00–4.25%. This helped compress US yields over the period and supported risk assets. In August, the Reserve Bank of Australia also reduced the cash rate by 25 basis points from 3.85% to 3.60%, citing that inflation has "substantially fallen" since its peak a few years ago in 2022, as higher interest rates during the period assisted in rebalancing supply and demand. However, a slightly hotter monthly CPI print at the back end of September lead to interest rates rising, increasing the spread between Australian vs US government bond yields. 	<ul style="list-style-type: none"> During the quarter we trimmed our Australian equity exposure in favor of global equities. Additionally, we retain a modest overweight to Australian bonds where we see comparative value compared to the US and in absolute terms. Should the Australian economy weaken further, or surprise to the downside, this position should add incremental value. More broadly, our positioning remains close to our long-term strategic asset allocations, with a modest overweight to equities and underweight to credit. Our contrarian sentiment indicator is not yet showing unsustainably high levels of optimism (overbought conditions) in the market, and as such, we believe the rally may continue.

Portfolio performance at 30 September 2025 (%)

Strategic Index Managed Portfolios	1 month (%)	3 months (%)	1 year (%)	3 years (% p.a.)	5 years (% p.a.)	Since inception (% p.a.)
Diversified 50	0.60	3.55	-	-	-	-
Balanced	0.59	4.46	-	-	-	-
Growth	0.76	5.55	-	-	-	-
High Growth	0.79	5.83	-	-	-	-
Geared 120	0.81	6.44	-	-	-	-

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.

Asset class allocations at 30 September 2025 (%)

Asset class	Risk profile				
	Diversified 50	Balanced	Growth	High Growth	Geared 120
Growth assets	53.3	72.6	90.8	97.6	119.5
Australian equity	19.7	28.7	34.9	39.6	49.5
Global equity	27.6	36.2	49.1	46.9	58.0
Australian property	2.2	3.5	2.9	3.3	3.4
Global property	2.8	3.2	3.9	3.9	3.7
Infrastructure	0.0	0.0	0.0	3.9	5.0
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	46.7	27.4	9.2	2.4	1.3
Loans and absolute return credit	0.0	0.0	0.0	0.0	0.0
Australian fixed income	21.5	12.0	3.5	0.0	0.0
Global fixed income	13.4	7.9	2.4	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	11.9	7.6	3.2	2.4	1.3

Asset class breakdown is based on the model and may vary slightly depending on the Platform.



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