

Russell Investments

Global High Yield Fund



Portfolio Manager
Gerard Fitzpatrick

Russell Investments' Global Fixed Income Team comprises over 9 experienced professionals, including portfolio managers, 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

Share class; Dealing ccy

Class NZDH-A Acc; NZD

Dealing frequency; Cut off

Daily; 2.00pm GMT

Domicile; Category

Ireland; UCITS

Fund size

EUR 420.45m

ISIN; Bloomberg

IE00BYH8666; RUGNZDH ID

Fund launch date

31 July 1998

Share class launch date

01 February 2018

Management fee

1.00%

Share class NAV

NZD 1,110.28

Fund objective

The Fund aims to achieve long term income and growth by investing in high yield corporate bonds issued by companies in both developed and emerging markets. The Fund invests in bonds issued which pay either a fixed or variable rate of interest. The Fund is actively managed with reference to the ICE BofA Developed Markets HY Constrained Index (EUR) (the "Index") which it seeks to outperform by 0.75% over the medium to long term. Russell Investments/ Money Managers have full discretion to select investments for the Fund.

Fund update

The Fund underperformed the negative benchmark return. Corporate high yield (HY) spreads widened sharply at the beginning of the month as the war in Ukraine, global growth concerns and elevated inflation impacted investor sentiment. However, some signs that inflation may have peaked and the easing of lockdown restrictions in China aided confidence towards month-end. The Fund's underweight to US HY financials and industrials suited this market environment. However, exposure to Emerging Market names in Latin America detracted this month. Barings was the weakest-performing strategy due to its Emerging Markets exposure. In contrast, the Fund's US HY Intelligent Credit strategy recorded a positive absolute return.

Performance review (%)

Performance to period end Returns shown in NZD	1 month	3 months	Year to date	12 months	3 years	5 years	Since inception*
Return gross of management fee Class NZDH-A Acc	-0.8	-4.9	-8.6	-5.3	3.6	-	3.5
Return net of management fee Class NZDH-A Acc	-0.9	-5.1	-9.0	-6.3	2.6	-	2.4
ICE BofA Developed Markets HY Constrained Index (NZD Hdg)	-0.1	-4.2	-7.8	-5.4	2.3	-	2.5

*Inception: 01 February 2018

All returns greater than 1 year are annualised

Discrete rolling 12 month performance (%)

Returns shown in NZD	31/03/17 31/03/18	31/03/18 31/03/19	31/03/19 31/03/20	31/03/20 31/03/21	31/03/21 31/03/22
Return gross of management fee Class NZDH-A Acc	-	5.0	-8.6	26.1	0.6
Return net of management fee Class NZDH-A Acc	-	4.0	-9.5	24.8	-0.4
ICE BofA Developed Markets HY Constrained Index (NZD Hdg)	-	5.1	-8.7	22.6	-0.5

Past performance is not a guide to future performance.

The current benchmark is the ICE BofA Developed Markets HY Constrained Index (NZD Hdg). Prior to 31st March 2019 the benchmark was BofAml Global High Yield 2% Constrained NZDH Index. Prior to 3rd December 2015, the composite benchmark was 70% BofAml Global High Yield 2% Constrained NZDH, 30% JP Morgan EMBIG NZDH.

Portfolio statistics

	Fund Benchmark		3 years		Fund Benchmark	
Effective duration	4.2	4.1	Volatility	9.8	9.5	
Average maturity	8.0	7.1	Tracking error	1.7%	-	
Average credit rating	B	B	Sharpe ratio	0.0	0.0	
Yield to worst	5.5	5.7	Information ratio	0.2	-	
			3 year return (net)	2.6%	2.3%	
			3 year excess return (net)	0.3%	-	

Data as at 30 April 2022

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Global High Yield Fund (continued)

Ten largest holdings by weight

Security	Fund
Us Treasury N/B 0.25 15-Mar-2024	4.4%
Us Treasury N/B 0.25 31-Aug-2025	3.2%
Global Air Lease Co Ltd 6.5 15-Sep-2024	0.6%
Jbs Usa Lux/Jbs Usa Fin 6.75 15-Feb-2028	0.6%
Hca Inc 3.5 01-Sep-2030	0.5%
Dkt Finance Aps 7 17-Jun-2023	0.5%
Marks & Spencer Plc 3.25 10-Jul-2027	0.5%
Boxer Parent Co Inc 9.125 01-Mar-2026	0.5%
Mpt Oper Partnersp/Finl 3.692 05-Jun-2028	0.5%
Travelex Issuerc Ltd 0.5 05-Aug-2025	0.5%

Source: State Street

Credit quality weights

	Fund	Benchmark
AAA & Cash	-3.3%	-
BBB	9.5%	0.1%
BB	56.4%	50.9%
B	23.1%	38.7%
CCC	11.5%	10.3%
NR/Other	2.8%	0.0%

Data as at 30 April 2022

Sector weights

	Fund	Benchmark
Corporates	92.6%	96.9%
Treasuries	7.7%	-
EMD Hard	6.6%	2.2%
Gov-related	1.7%	0.9%
Loans	0.5%	-
Securitized	0.0%	0.0%
Other	-9.2%	-

Data as at 30 April 2022

Market weight (ccy)

	Fund	Benchmark
USD	57.1%	73.9%
EUR	35.4%	22.6%
GBP	7.0%	2.7%
CAD	0.3%	0.8%
CHF	0.2%	-
ARS	0.0%	-
JPY	0.0%	-
AUD	0.0%	-

Data as at 30 April 2022

Fund structure

Manager/Strategy	Role in fund	Target	Actual
Hermes	Global top-down tactical approach. Emphasis on capital structure trades	35.0%	32.4%
Barings	Focus on credit selection; accessing illiquidity and value premia	35.0%	32.5%
Russell Investments	Positioning strategy	30.0%	25.9%
Russell Investments (cash & other)		-	9.1%

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