

# Russell Investments Managed Portfolio - Geared 120



The portfolio returned 4.01%^ in July. High exposure to listed growth assets – notably global and Australian equities – remains the predominant driver of returns. Both the Russell Investments Global Opportunities Fund and our direct Australian equity portfolio generated positive absolute and benchmark-relative performance over the period.

## Portfolio objective

To provide capital growth over the long term consistent with a portfolio focusing solely on growth assets, while accepting fluctuations in capital values in the medium term. The portfolio typically has exposure to growth investments of around 120% as the allocation to geared investment strategies will generally be 20% of the portfolio.

## Portfolio strategy

The portfolio typically invests in a diversified investment mix with exposure to approximately 120% (including exposure to geared investments) growth investments such as Australian shares, international shares, property and alternatives. The allocations to geared investment strategies will generally be 20% of the portfolio. The allocations will be actively managed within the allowable ranges depending on market conditions. The portfolio combines multi-manager strategies with ETFs and direct shares including exposure to geared investments. Russell Investments adopts a globally consistent, research-based approach to long-term asset allocation, active manager selection, multi-factor investing and dynamic portfolio management.

## Main market highlights

Global share markets performed well in July. Much of the gains continued to be driven by inflation outcomes and central bank activity. In the US, the Federal Reserve (Fed) left its benchmark fed funds rate on hold at a target range of between 5.25% and 5.50% following its latest gathering, with Chairman Jerome Powell acknowledging that officials now had greater confidence that inflation will meet their 2.0% target. The latest figures showed headline inflation in the US rose 3.0% in the 12 months to 30 June, which was down on the 3.3% gain we saw in May. Core inflation slowed from 3.4% to 3.3%. For some time, Powell has said the Fed wouldn't cut interest rates until it was confident inflation was moving sustainably toward its target. Armed with these latest figures, he conceded that if inflation remains on its current path, then a reduction in interest rates could be on the table as soon as the Bank's next meeting in September. Meantime, the Bank of Japan unexpectedly raised interest rates again in July, while the Bank of England delivered its first rate cut in more than four years in early August. The European Central Bank left its main refinancing rate on hold. Australian shares made strong gains over the period, driven largely by better-than-expected June quarter inflation data.

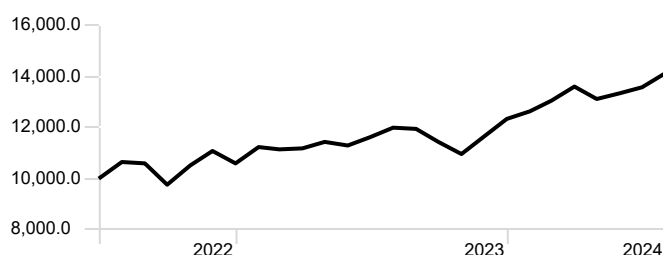
Both global and domestic bonds recorded good gains for the month.

## Long-term investing: Positioning for 5 years and beyond

The portfolio has a long-term asset allocation of 120% to return generating assets (including Australian and global equities, property and infrastructure).

## Growth of \$10,000

Time Period: 30/06/2022 to 31/07/2024



## Performance Review

As of Date: 31/07/2024

	Return
1 Month	4.01
3 Months	7.64
1 Year	17.67
2 Years	15.08
3 Years	—
5 Years	—
YTD	14.41
Since Inception	17.92

Inception date: 30/06/2022

^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 RIML'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.

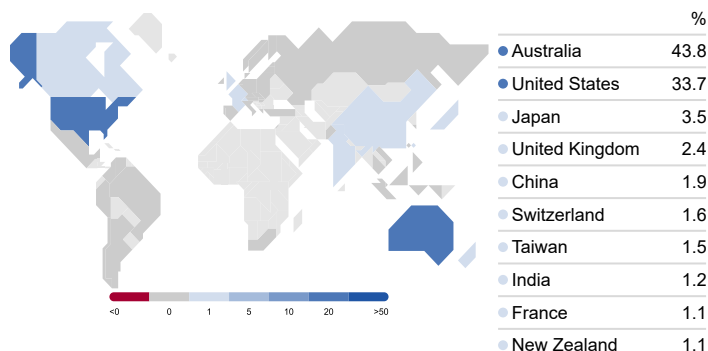
Please contact your platform or adviser for details of your performance or current holdings in the Managed Portfolio.

# Russell Investments Managed Portfolio - Geared 120



## Country Exposure

Portfolio Date: 31/07/2024



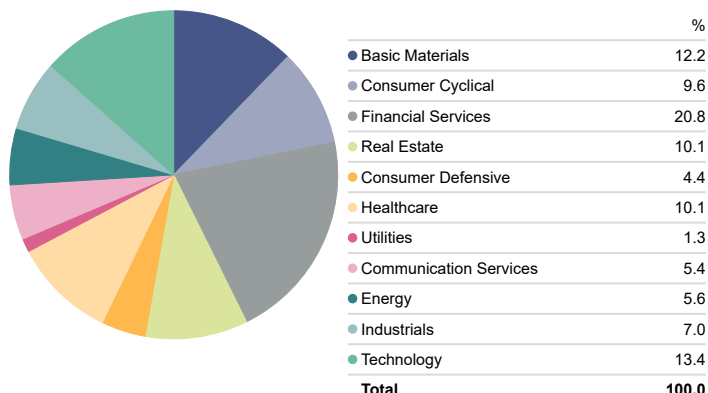
## Asset Allocation

Portfolio Date: 31/07/2024

	%
● Cash	2.6
● Domestic Equity	52.0
● Property and Infrastructure	11.1
● International Equity	57.0
<b>Total</b>	<b>122.7</b>

## Sector Allocation

Portfolio Date: 31/07/2024



## Main portfolio highlights

The direct Australian equity portfolio outperformed its benchmark, benefiting in part from an overweight exposure and positive stock selection within financials. This included overweights to QBE Insurance and Bendigo and Adelaide Bank. An overweight exposure and positive stock selection within the consumer discretionary sector also added value; notably an overweight to electronics retailer JB Hi-Fi and an underweight to The Lottery Corporation. Stock selection amongst materials also contributed positively to performance over the period, including an underweight to diversified miner South32. In contrast, stock selection within the real estate space detracted from overall returns in July, including an overweight to industrial property giant Goodman Group.

In terms of global equity managers, Japan equity specialist Nissay Asset Management significantly outperformed its benchmark, driven in part by overweights to Toho Gas Co., heavy industry manufacturer IHI Corp. and Hino Motors. An underweight to Toyota Motor added further value. US value manager Brandywine also outperformed, benefiting from a material underweight to the US technology space; notably Microsoft and chip maker NVIDIA. In contrast, emerging markets specialist Redwheel (formerly RWC Partners) underperformed its benchmark, hurt in part by overweight exposures to South Korean car makers Kia and Hyundai Motor Co.

During the month, we reduced the portfolio's allocation to Australian real estate investment trusts (A-REITs) in favour of global real estate investment trusts (G-REITs). G-REITs have not only underperformed A-REITs but also the broader global equity market. As a result, we believe G-REITs offer better value. G-REITs also provide greater diversification benefits, with the global listed property market comprising more than 300 constituents compared to just 33 in Australia.

Overall, the managed portfolio is aligned with its long-term asset allocation as we wait patiently for opportunities.

## Dynamic positioning: Managing positions over the next 12-18 months

Looking ahead, we expect higher levels of volatility to continue, with active management to play an important role in navigating through it. We expect to increase growth asset exposure on major market reversals and decrease growth asset exposure on market rallies. This is a very important time to remain flexible as there are competing forces related to inflation and growth.

We retain the same themes as recent months, i.e. a preference for less expensive equity markets versus US equities and peer-relative overweights to global small caps and the value factor.

# Russell Investments Managed Portfolio - Geared 120



## Detailed Asset Allocation

Portfolio Date: 31/07/2024

	Portfolio Weighting %
Russell Global Opportunities A	17.11
Vanguard MSCI Intl (Hdg) ETF	12.20
CFS FC-Acadian Geared Sustain Global Eq	6.00
Ausbil Australian Geared Equity	5.87
Vanguard Australian Property Secs ETF	4.49
Perpetual Geared Australian	4.35
Vanguard US Total Market Shares ETF	4.18
Vanguard All-World ex-US Shares ETF	4.17
Russell Global Listed Infr \$A Hedged	3.40
CFS Geared Share	3.16
Vanguard International Prpty Secs IdxHdg	3.05
Vanguard FTSE Emerging Markets Shrs ETF	2.97
Vanguard MSCI Australian Small Coms ETF	2.84
Vanguard Global Value Equity Active ETF	1.55
iShares S&P Small-Cap ETF	1.02
iShares Core Cash ETF	0.85
Vanguard Australian Shares ETF	0.32
BHP Group Ltd	2.22
Commonwealth Bank of Australia	2.18
CSL Ltd	1.40
National Australia Bank Ltd	1.22
Westpac Banking Corp	1.10
Wesfarmers Ltd	0.90
Goodman Group	0.88
ANZ Group Holdings Ltd	0.87
Macquarie Group Ltd	0.77
Telstra Group Ltd	0.68
Rio Tinto Ltd	0.63
Woolworths Group Ltd	0.62
Aristocrat Leisure Ltd	0.56
James Hardie Industries PLC ADR	0.53
Transurban Group	0.53
WiseTech Global Ltd	0.53
Woodside Energy Group Ltd	0.51
Fortescue Ltd	0.46
Bendigo and Adelaide Bank Ltd	0.41
Suncorp Group Ltd	0.39
Newmont Corp Chess Depository Interest	0.39
Fisher & Paykel Healthcare Corp Ltd	0.39
Medibank Private Ltd	0.36
Origin Energy Ltd	0.34
Cleanaway Waste Management Ltd	0.34
Ansell Ltd	0.32
Santos Ltd	0.30
Incitec Pivot Ltd	0.30
Seven Group Holdings Ltd	0.29
Ampol Ltd	0.26

Allocations may not equal 100% due to rounding. In order to manage a fund/portfolio to its investment objectives, Russell Investments retains the discretion to change the underlying investments at any time, without notice to investors. Please refer to the relevant Product Disclosure Statement for more information.

FOR FINANCIAL PROFESSIONAL USE ONLY

# Russell Investments Managed Portfolio - Geared 120



## Contact Russell Investments

For further information about Russell Investments please visit [russellinvestments.com.au](https://russellinvestments.com.au)

## Important Information



**IMAP**  
MANAGED ACCOUNT  
AWARD FINALIST  
MULTI ASSET



**Superior**



Russell Investments Managed Portfolios have been rated Superior by S&P Research<sup>1</sup> for world class manager research capabilities and management of multi-asset portfolios.

<sup>1</sup> The rating is issued by S&P Research Pty Ltd ABN 93 122 592 036 AFSL 421913. S&P Research is an investment research firm that undertakes research on investment products exclusively for its wholesale clients, utilising a proprietary review and star rating system. The S&P Research star rating system is of a general nature and does not take into account the particular circumstances or needs of any specific person. The rating may be subject to change at any time. Only licensed financial advisers may use the S&P Research star rating system in determining whether an investment is appropriate to a person's particular circumstances or needs. You should read the product disclosure statement and consult a licensed financial adviser before making an investment decision in relation to this investment product. S&P Research receives a fee from the Fund Manager for the research and rating of the managed investment scheme.

Issued by Russell Investment Management Ltd ABN 53 068 338 974, AFSL 247185 (RIM). This document provides general information for financial advisers only. It must not be passed onto any retail client. This document contains factual information only. The information provided is not intended to imply any recommendation or opinion about a financial product. RIM is not providing financial product advice in this document. It has not been prepared having regard to any investor's objectives, financial situation or needs. Before making an investment decision, an investor must obtain advice from a financial adviser and consider whether that advice is appropriate to their objectives, financial situation or needs. This information has been compiled from sources considered to be reliable but is not guaranteed. Past performance is not a reliable indicator of future performance. Any potential investor should also consider the latest financial product disclosure statement in respect of the Managed Portfolio ("Disclosure Document") in deciding whether to make, or continue to hold, an investment in the Managed Portfolio. The Disclosure Document can be obtained by contacting a financial adviser or the relevant platform operator(s) offering the Managed Portfolio.

To the extent permitted by law, no liability is accepted for any loss or damage as a result of reliance on this information. This material does not constitute professional advice or opinion and is not intended to be used as the basis for making an investment decision.

This work is copyright 2024. Apart from any use permitted under the Copyright Act 1968, no part may be reproduced by any process, nor may any other exclusive right be exercised, without the permission of Russell Investment Management Ltd.

© 2024 Morningstar, Inc. All rights reserved. Neither Morningstar, its affiliates, nor their content providers guarantee the data or content contained herein to be accurate, complete, or timely nor will they have any liability for its use or distribution. Any general advice or 'regulated financial advice' under New Zealand law has been prepared by Morningstar Australasia Pty Ltd (ABN: 95 090 665 544, AFSL: 240892) and/or Morningstar Research Ltd, subsidiaries of Morningstar, Inc, without reference to your objectives, financial situation or needs. For more information refer to our Financial Services Guide (AU) and Financial Advice Provider Disclosure Statement (NZ) at [www.morningstar.com.au/s/fsg.pdf](https://www.morningstar.com.au/s/fsg.pdf) and [www.morningstar.com.au/mca/s/fapds.pdf](https://www.morningstar.com.au/mca/s/fapds.pdf). You should consider the advice in light of these matters and if applicable, the relevant Product Disclosure Statements before making any decision to invest. Our publications, ratings and products should be reviewed as an additional investment resource, not as your sole source of information. Morningstar's full research reports are the source of any Morningstar Ratings and are available from Morningstar or your adviser. Past performance does not necessarily indicate a financial product's future performance. To obtain advice tailored to your situation, contact a professional adviser. Some material is copyright and published under licence from ASX Operations Pty Ltd ACN 004 523 782.