

Russell Investments Managed Portfolio - High Growth



The portfolio returned 0.05%[^] in the June quarter. Our direct Australian equity portfolio generated both positive absolute and excess returns over the period. In contrast, the Russell Investments Global Opportunities Fund delivered negative absolute and benchmark-relative performance for the quarter.

Portfolio objective

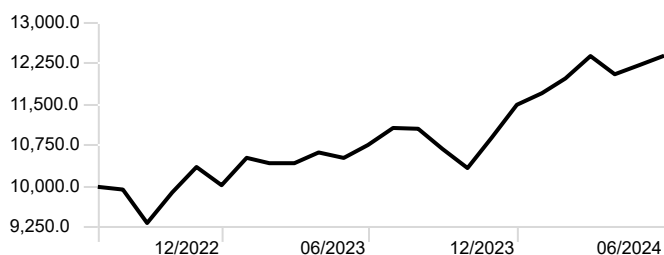
To provide capital growth over the long term consistent with a portfolio focusing solely on growth assets, while accepting fluctuations in capital values in the medium term.

Portfolio strategy

The portfolio is a dynamic cost-effective multi-asset portfolio with approximately 98% growth assets and 2% defensive assets. The focus for this portfolio is to provide long-term returns and to manage investment risks over time.

Growth of \$10,000

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



Performance Review

As of Date: 30/06/2024

	Return
1 Month	1.38
3 Months	0.05
1 Year	15.15
2 Years	—
3 Years	—
5 Years	—
YTD	7.80
Since Inception	11.86

Inception date: 31/07/2022

Main market highlights

Global share markets made only modest gains in the June quarter. Much of the gains continued to be driven by 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% throughout the period. Speaking after the Bank's June gathering, Chairman Jerome Powell said that while inflation has eased considerably from its peak, it nonetheless remains too high, and that policymakers do not yet have the confidence to begin lowering interest rates. However, he did reaffirm his belief that current monetary policy is sufficiently restrictive to achieve the Bank's inflation goal. Encouragingly, the latest inflation figures showed an easing in consumer prices between April and May. At the time of writing, the market was fully priced for a first Fed rate cut in November. Elsewhere, the European Central Bank cut interest rates in June; the Bank lowering its main refinancing rate by 0.25% (to 4.25%). However, the Bank gave no indication of the timing of its next move. Meantime, both the Bank of England and the Bank of Japan left their respective benchmark policy rates unchanged over the period. Australian shares underperformed their global counterparts; the local market falling on expectations domestic interest rates will remain higher for longer amid stubbornly high inflation.

Both global and domestic bonds were weaker for the quarter, albeit modestly.

Long-term investing: Positioning for 5 years and beyond

The portfolio has a long-term asset allocation of 98% to return generating assets. Growth asset valuations have increased year to date but are below pre-pandemic levels. Long-term, forward-looking return expectations for US shares and high-yield debt have moderated. The economic outlook creates uncertainty in the near term, however in the long term, growth assets are still preferred due to superior returns relative to defensive assets.

Strategically, the portfolio has positions in cheaper and higher momentum securities as per our researched beliefs.

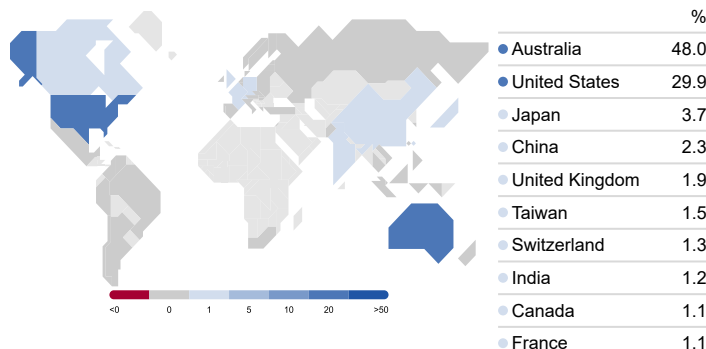
There is a cash allocation of 2% in the portfolio.

[^]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.

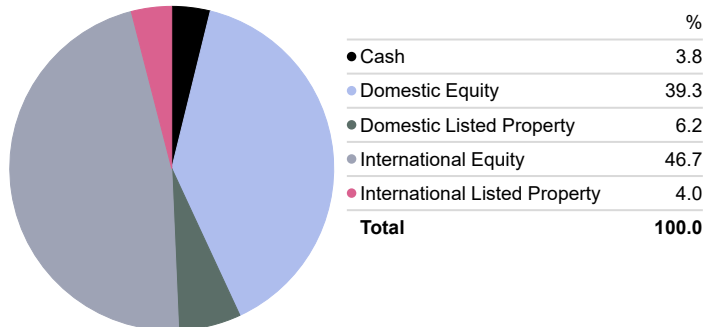
Country Exposure

Portfolio Date: 30/06/2024



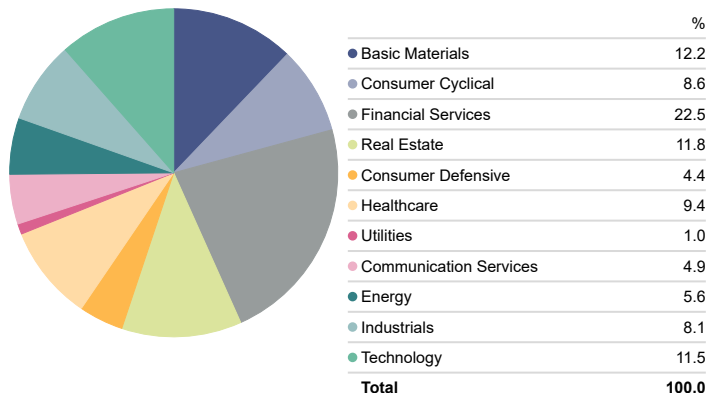
Asset Allocation

Portfolio Date: 30/06/2024



Sector Allocation

Portfolio Date: 30/06/2024



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 an overweight to Bendigo and Adelaide Bank and an underweight to QBE Insurance. An underweight to the poor-performing real estate space also added value; though the portfolio did benefit from an overweight to industrial property giant Goodman Group. Stock selection within the healthcare sector added further value over the period; notably an overweight to New Zealand's Fisher & Paykel Healthcare, which climbed almost 20% for the quarter. In contrast, stock selection within the energy space detracted from overall performance. This included an overweight to Ampol and a nil exposure to Whitehaven Coal, which rose on the back of higher coal prices.

In terms of global equity managers, Japan equity specialist Nissay Asset Management underperformed its benchmark, driven in part by overweights to pharmaceutical company Nippon Shinyaku Co., travel agency H.I.S. Co. and Nagoya Railroad Co. Brandywine and European growth manager Joh Berenberg, Gossler & Co. KG also underperformed. In contrast, value manager Sanders outperformed its benchmark over the period, benefiting from a material overweight to Taiwan Semiconductor Manufacturing Co. Overweights to Google parent Alphabet and Dutch bank ING Groep N.V. added further value. Emerging markets specialist Redwheel (formerly RWC Partners) also performed well.

With regard to Australian equity managers, the Russell Investments Australian Opportunities Fund (RAOF) narrowly underperformed the benchmark. Within RAOF, L1 Capital's Catalyst strategy significantly underperformed its benchmark, driven in part by overweights to poor-performing names like Mineral Resources and BlueScope Steel. Platypus also underperformed over the period. In contrast, both Firetrail and Ausbil outperformed their benchmarks; the latter benefiting from overweights to Origin Energy and gaming machine maker Aristocrat Leisure.

There were no material positional changes in May.

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

The US economy has so far proven remarkably resilient, and markets are pricing in a 'soft landing' as inflationary pressures continue to ease and unemployment remains low. However, we are seeing several leading economic indicators that suggest caution is warranted. As a result, we believe recessionary risks in the US are elevated; though the risk has reduced gradually as continued migration has allowed inflation to moderate without materially impacting the labour market. The key question now is how long will it take for core inflation to settle closer to the Fed's target? Fears that US monetary policy will remain too restrictive for too long have softened due to the recent decline in core inflation, however until we see core inflation reach the Fed's target, markets may remain volatile.

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.

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Detailed Asset Allocation

Portfolio Date: 30/06/2024

	Portfolio Weighting %
Russell Global Opportunities A	18.60
Vanguard MSCI Intl (Hdg) ETF	12.66
Vanguard MSCI Australian Small Coms ETF	4.54
Vanguard Australian Property Secs ETF	4.27
Vanguard International Prpty Secs IdxHdg	3.90
Vanguard All-World ex-US Shares ETF	3.47
Russell Global Listed Infr \$A Hedged	2.99
Vanguard FTSE Emerging Markets Shrs ETF	2.95
Vanguard US Total Market Shares ETF	2.45
Vanguard Global Value Equity Active ETF	2.19
iShares S&P Small-Cap ETF	2.03
iShares Core Cash ETF	0.82
Vanguard Australian Shares ETF	0.56
BHP Group Ltd	4.25
Commonwealth Bank of Australia	3.88
CSL Ltd	2.51
National Australia Bank Ltd	2.24
Westpac Banking Corp	1.96
ANZ Group Holdings Ltd	1.61
Goodman Group	1.54
Wesfarmers Ltd	1.52
Macquarie Group Ltd	1.45
Rio Tinto Ltd	1.22
Telstra Group Ltd	1.18
Woolworths Group Ltd	1.14
WiseTech Global Ltd	1.00
Woodside Energy Group Ltd	0.99
Transurban Group	0.97
Aristocrat Leisure Ltd	0.97
Fortescue Ltd	0.88
Suncorp Group Ltd	0.74
Bendigo and Adelaide Bank Ltd	0.73
James Hardie Industries PLC	0.70
Origin Energy Ltd	0.69
Fisher & Paykel Healthcare Corp Ltd	0.66
Medibank Private Ltd	0.66
Cleanaway Waste Management Ltd	0.64
Newmont Corp Chess Depository Interest	0.61
Incitec Pivot Ltd	0.57
Ansell Ltd	0.56
Seven Group Holdings Ltd	0.56
Santos Ltd	0.55
Ampol Ltd	0.50

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.

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Contact Russell Investments

For further information about Russell Investments please visit russellinvestments.com.au

Important Information



Russell Investments Managed Portfolios have been rated Superior by SQM Research¹ for world class manager research capabilities and management of multi-asset portfolios.

¹ The rating is issued by SQM Research Pty Ltd ABN 93 122 592 036 AFSL 421913. SQM 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 SQM 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 SQM 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. SQM Research receives a fee from the Fund Manager for the research and rating of the managed investment scheme.

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