

Russell Investments Sustainable Managed Portfolio - Balanced



The portfolio returned -0.78%^ in the June quarter. The direct Australian equity ESG portfolio underperformed its benchmark over the period. Traditional fixed income assets like government bonds were weaker against a backdrop of rising yields, while corporate bonds were relatively flat. Higher bond yields also weighed on the portfolio's global and Australian listed property exposures. Our global equities and emerging markets exposures delivered positive returns for the quarter.

Portfolio objective

To provide returns over the medium to long term, with moderate to high volatility, consistent with a portfolio focusing on diversified mix of growth-oriented assets and defensive assets. The portfolio aims to provide exposure to predominantly sustainable investment strategies and outperform the benchmark, after fees, over a rolling five year period.

Portfolio strategy

The portfolio typically invests with around 70% exposure to growth investments (such as Australian shares, International shares, property and alternatives) and around 30% exposure to defensive investments (such as cash and fixed interest) over the long term. The allocations are actively managed within the allowable ranges, depending on market conditions.

Main market highlights

More broadly, 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

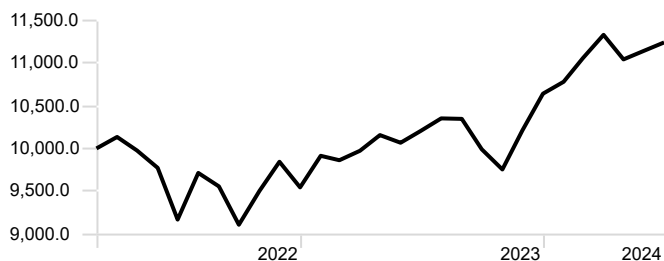
The portfolio has a long-term asset allocation of 70% to growth assets. Growth asset valuations have increased year to date but are below pre-pandemic levels. Long-term, forward-looking return expectations for US shares and high-yield debt have moderated. The economic outlook creates uncertainty in the near term, however in the long term, growth assets are still preferred due to superior returns relative to defensive assets.

Defensive assets such as fixed income and cash have an allocation of 30% in the portfolio. A tilt toward credit further enhances the long-term return potential, but also increases the risk of losses. Credit spreads have narrowed and are near their long-term averages. Government bonds are cheap across some markets and are now offering much higher yields than at the beginning of 2022.

Strategically, the portfolio has positions in cheaper and higher momentum securities per our research.

Growth of \$10,000

Time Period: Since Inception to 30/06/2024



Performance Review

As of Date: 30/06/2024

	Return
1 Month	0.87
3 Months	-0.78
1 Year	10.16
2 Years	10.72
3 Years	—
YTD	5.64
Since Inception	5.14

Inception date: 28/02/2022

^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.

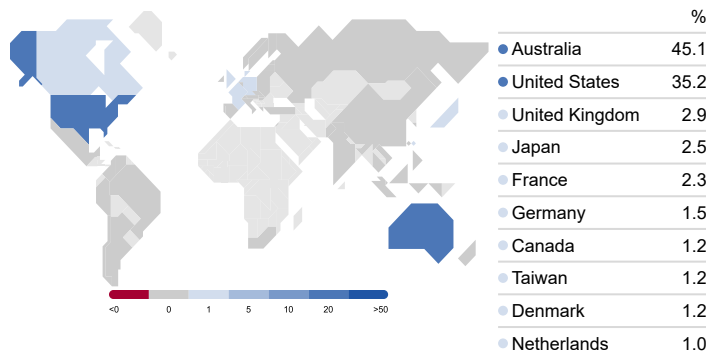
Please contact your platform or adviser for details of your performance or current holdings in the Managed Portfolio.

Russell Investments Sustainable Managed Portfolio - Balanced



Country Exposure

Portfolio Date: 30/06/2024



Main portfolio highlights

The direct Australian equity ESG portfolio underperformed its benchmark, driven largely by stock selection within the materials, industrials and healthcare sectors. Amongst materials, an overweight to James Hardie Industries weighed the most on returns, while in the healthcare space a sizable overweight to Sonic Healthcare was the main detractor. Within industrials, a large overweight to Brambles, which manages the world's largest pool of reusable pallets, crates and containers, weighed on overall performance.

Mirova's Global Sustainable Equity No.2 Fund outperformed its benchmark, benefiting in part from stock selection within the materials space; notably overweights to Air Liquide and Ball Corp. Stock selection amongst utilities also added value; including an overweight to American Water Works and Spanish renewable energy company Iberdrola SA.

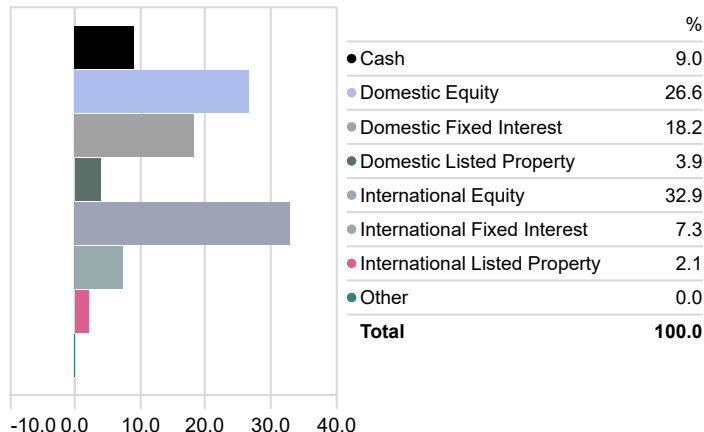
The Russell Investments Low Carbon Global Shares Fund narrowly outperformed its benchmark, benefiting from positioning within the healthcare sector; including an overweight to US biotech company Intuitive Surgical. The Fund's structural underweight to the poor-performing energy space and its exclusion of companies involved in defence contracting also added value.

The Impax Sustainable Leaders strategy underperformed its benchmark, driven in part by stock selection within the healthcare sector. This included overweights to US consumer electronics company Agilent Technologies and laboratory testing provider Eurofins Scientific. A material overweight to the poor-performing industrials space also weighed on returns.

There were no material positional changes over the period.

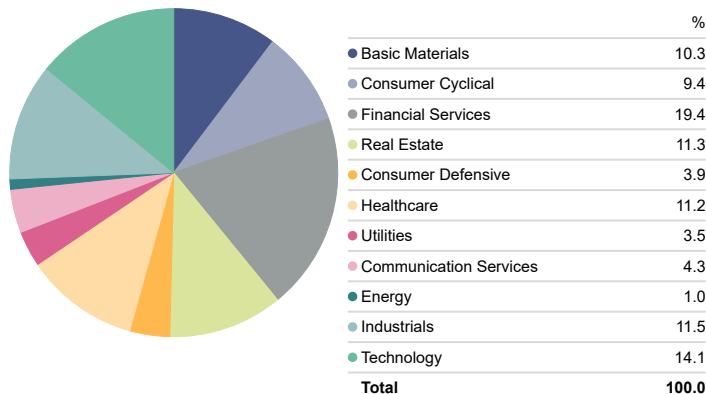
Asset Allocation

Portfolio Date: 30/06/2024



Sector Allocation

Portfolio Date: 30/06/2024



Russell Investments Sustainable Managed Portfolio - Balanced



Detailed Asset Allocation

Portfolio Date: 30/06/2024

	Portfolio Weighting %
Russell Invmts Low Carbon Glb Shrs AUDH	8.82
Pental Sustainable Aust Fixed Interest	8.40
Mirova Global Sustainable Equity Fund	7.65
Russell Invmts Low Carbon Glb Shrs A	7.34
Impax Sustainable Leaders Fund A	6.74
Vanguard Etcly Cons Gbl Aggt Bd H ETF	5.95
iShares Core Cash ETF	5.39
Perpetual ESG Australia Share	4.13
Altius Sustainable Short Term Income Ord	3.93
Altius Green Bond Ordinary	3.72
Ausbil Active Sustainable Equity	3.32
Alphinity Sustainable Share	3.21
Vanguard Australian Property Secs ETF	2.97
Russell Intl Property Secs Hedged A	2.55
First Sentier Responsible Listed Infrs	2.22
Ardea Real Outcome Fund	1.80
Robeco SDG Credit Income (AUD Hdg) C	1.31
Regnan Credit Impact Trust	0.98
Commonwealth Bank of Australia	1.86
CSL Ltd	1.30
National Australia Bank Ltd	1.22
ANZ Group Holdings Ltd	1.06
Westpac Banking Corp	1.05
Wesfarmers Ltd	1.04
Rio Tinto Ltd	0.75
Telstra Group Ltd	0.75
Brambles Ltd	0.59
Fortescue Ltd	0.58
JB Hi Fi Ltd	0.57
Goodman Group	0.54
QBE Insurance Group Ltd	0.53
Woolworths Group Ltd	0.49
Transurban Group	0.49
Sonic Healthcare Ltd	0.46
Technology One Ltd	0.43
BlueScope Steel Ltd	0.43
WiseTech Global Ltd	0.42
Ancor PLC	0.41
James Hardie Industries PLC	0.38
Macquarie Group Ltd	0.37
Medibank Private Ltd	0.35
Northern Star Resources Ltd	0.34
Coles Group Ltd	0.33
Evolution Mining Ltd	0.28
Stockland Corp Ltd	0.26
Iluka Resources Ltd	0.26
Lynas Rare Earths Ltd	0.25
Pilbara Minerals Ltd	0.21

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 Sustainable Managed Portfolio - Balanced



Contact Russell Investments

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



IMAP
MANAGED ACCOUNT
AWARD FINALIST
ESG PORTFOLIO



Important Information

The rating contained in this document 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.

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.

RIM is part of Russell Investments. RIM is the investment adviser for the Managed Portfolio. RIM is the issuer of the Russell Investments Funds and Russell Investments ETFs mentioned in this document. RIM or its associates, officers or employees may have interests in the financial products referred to in this information by acting in various roles, including trustee, investment manager, broker or adviser, and may receive fees, brokerage or commissions for acting in these capacities. In addition, Russell Investments or its associates, officers or employees may buy or sell the financial products as principal or agent.

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 and 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.

FOR FINANCIAL PROFESSIONAL USE ONLY