

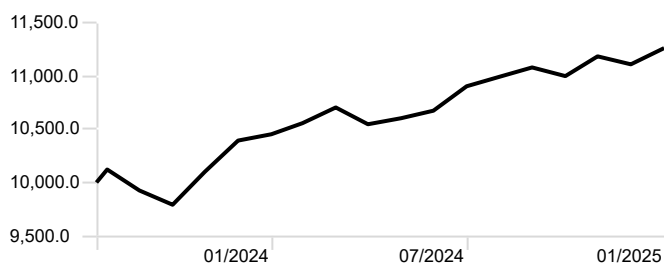
Russell Investments Sustainable Managed Portfolio - Conservative



The portfolio returned 1.37%[^] in January. Traditional fixed income assets like government bonds made only modest gains against a backdrop of relatively flat yields. The portfolio's global equity exposure and the direct Australian equity ESG portfolio delivered positive returns for the month, as did our global and Australian listed property assets. The portfolio's emerging markets exposure added further value over the period.

Growth of \$10,000

Time Period: Since Inception to 31/01/2025



Performance Review

As of Date: 31/01/2025

	Return
1 Month	1.37
3 Months	2.38
1 Year	7.72
2 Years	—
3 Years	—
YTD	1.37
Since Inception	8.53

Inception date: 21/08/2023

[^]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.

Portfolio objective

To provide returns over the short to medium term, with low volatility, consistent with a diversified mix of predominantly defensive assets and some growth-orientated assets. The portfolio aims to provide exposure to predominantly sustainable investment strategies and outperform the benchmark, after fees, over a rolling 3-year period.

Portfolio strategy

The portfolio typically invests in a diversified investment mix of predominantly sustainable investment strategies with exposure to growth investments of around 30% such as Australian shares, international shares, property, infrastructure and alternatives; and defensive investments of around 70% such as cash and fixed interest over the long term. These allocations will be actively managed within the allowable ranges depending on market conditions.

Main market highlights

Global bonds made only modest gains in January. Longer-term government bond yields were relatively flat (in aggregate) over the period. Much of the market's movements were driven by central bank activity. In the US, the Federal Reserve (Fed) left its benchmark fed funds rate unchanged at a target range of between 4.25% and 4.50% following its latest gathering. Speaking after the meeting, Chairman Jerome Powell said the Bank isn't in a hurry to cut interest rates and that officials paused to see further progress on inflation, which has trended sideways in recent months. However, he also noted that labour market conditions remain strong, and that economic activity has continued to expand at a solid pace. Moving forward, the Fed believes that the risks to achieving its employment and inflation goals are roughly in balance. Meantime, both the European Central Bank (ECB) and the Bank of Japan (BoJ) moved again on interest rates in January – the ECB cutting its deposit facility rate by 0.25% to 2.75% and the BoJ lifting its overnight call rate by 0.25% to around 0.50%. The Bank of England didn't meet in January, but it did gather in early February; the Bank lowering its benchmark policy rate by another 0.25% to 4.50%. More broadly, bonds were influenced by uncertainty regarding potential US tariffs on Canadian, Mexican and Chinese imports, a series of mostly positive corporate updates and encouraging Chinese growth. Global credit markets were stronger for the month. Australian bonds narrowly underperformed their global counterparts over the period, while domestic credit markets were mildly positive.

Both global and Australian share markets performed well in January.

Long-term investing: Positioning for 5 years and beyond

The portfolio has a long-term asset allocation of 56% 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 44% 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.

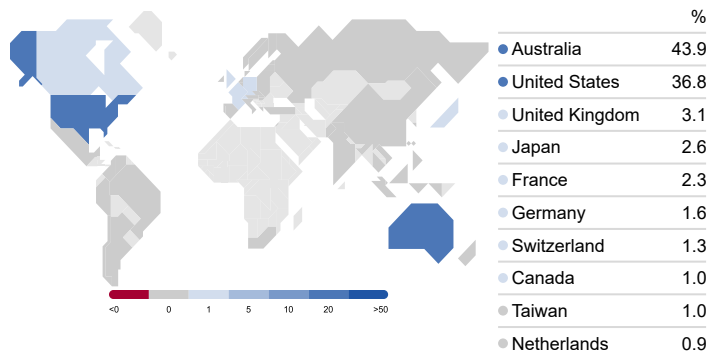
Strategically, the portfolio has positions in cheaper and higher momentum securities per our research.

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Country Exposure

Portfolio Date: 31/01/2025



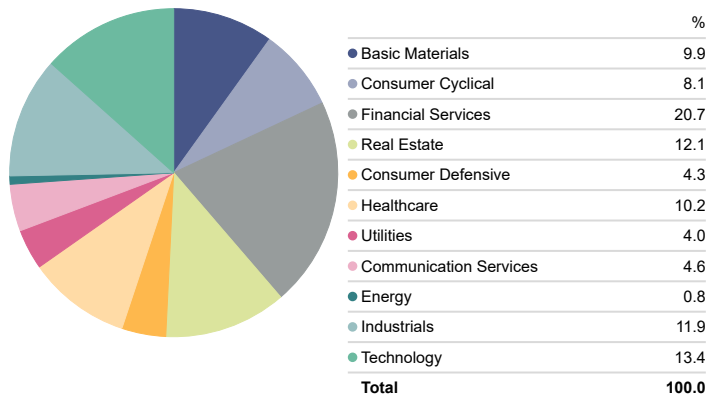
Asset Allocation

Portfolio Date: 31/01/2025

	%
● Cash	9.7
● Domestic Equity	12.1
● Domestic Fixed Interest	36.6
● Domestic Listed Property	1.1
● International Equity	14.7
● International Fixed Interest	24.1
● International Listed Property	1.7
Total	100.0

Sector Allocation

Portfolio Date: 31/01/2025



Main portfolio highlights

The direct Australian equity ESG portfolio narrowly outperformed its benchmark. Stock selection within the materials sector contributed positively to performance, including a structural underweight to major miner BHP Group and an overweight to BlueScope Steel. Stock selection amongst financials also added value; notably an underweight to ASX Ltd. and an overweight to Suncorp Group. A structural underweight to utilities added further value over the period; the sector underperforming the broader market in January.

The Russell Investments Sustainable Global Opportunities Complex ETF delivered positive absolute returns for the month.

The Russell Investments Low Carbon Global Shares Fund performed in line with its benchmark. Positioning amongst industrials added value over the period, including an overweight to German automation company Siemens AG. The Fund also benefited from positioning within the energy sector; notably our holding in US real estate company Texas Pacific Land Corp. In contrast, positioning within the consumer discretionary sector detracted from performance, including our holding in Indian restaurant aggregator Zomato. The Fund's exclusion of tobacco companies also weighed on returns, including nil holdings in Philip Morris International and British American Tobacco.

The Impax Sustainable Leaders strategy significantly outperformed its benchmark, driven in part by stock selection within the information technology space. This included an underweight to NVIDIA and an overweight to Applied Materials. Stock selection within the healthcare sector also added value; notably overweights to Agilent Technologies and Mettler-Toledo International.

Pendal's Sustainable Australian Fixed Interest Fund outperformed its benchmark over the period, benefiting from both government and non-government sector positioning. This included the Fund's exposures to supranationals, utilities and industrials. Positioning within the infrastructure space also added value.

During the month, we rebalanced the direct Australian equity ESG portfolio as part of the regular review cycle.

We also increased the portfolio's Australian dollar (AUD) hedging exposure following the currency's recent sell-off. According to our valuation metrics, the AUD is now looking cheap. We also believe that negative sentiment toward the currency has become overdone. We increased the portfolio's AUD hedging exposure by selling unhedged global equities and buying hedged global equities.

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Detailed Asset Allocation

Portfolio Date: 31/01/2025

	Portfolio Weighting %
Vanguard Etcly Cons Gbl Aggt Bd H ETF	20.47
Pendal Sustainable Aust Fixed Interest	17.91
Altius Sustainable Short Term Income Ord	6.44
iShares Core Cash ETF	6.22
Regnan Credit Impact Trust	5.02
Altius Green Bond Ordinary	4.92
Russell Inv Sust Global Opps Complex ETF	4.00
Russell Invmts Low Carbon Glb Shrs AUDH	3.97
Robeco SDG Credit Income (AUD Hdg) C	3.93
Ardea Real Outcome Fund	3.65
Impax Sustainable Leaders Fund A	2.90
Russell Intl Property Secs Hedged A	2.08
Russell Invmts Low Carbon Glb Shrs A	1.81
Ausbil Active Sustainable Equity	1.63
First Sentier Responsible Listed Infrs	1.48
Perpetual ESG Australia Share	1.33
Alphinity Sustainable Share	1.32
Vanguard Australian Property Secs ETF	0.74
Commonwealth Bank of Australia	0.77
CSL Ltd	0.58
Westpac Banking Corp	0.54
ANZ Group Holdings Ltd	0.51
National Australia Bank Ltd	0.51
Wesfarmers Ltd	0.46
Rio Tinto Ltd	0.39
Telstra Group Ltd	0.37
Brambles Ltd	0.31
Macquarie Group Ltd	0.31
Goodman Group	0.30
Fortescue Ltd	0.29
Woolworths Group Ltd	0.28
James Hardie Industries PLC	0.26
BlueScope Steel Ltd	0.24
Transurban Group	0.23
JB Hi Fi Ltd	0.22
WiseTech Global Ltd	0.22
Ancor PLC ADR	0.21
Northern Star Resources Ltd	0.21
QBE Insurance Group Ltd	0.19
Ramsay Health Care Ltd	0.19
Coles Group Ltd	0.18
Atlas Arteria Ltd	0.17
Cochlear Ltd	0.17
Suncorp Group Ltd	0.16
Pilbara Minerals Ltd	0.14
Xero Ltd	0.14
Iluka Resources Ltd	0.13
Medibank Pvt Ltd	0.13

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

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

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