

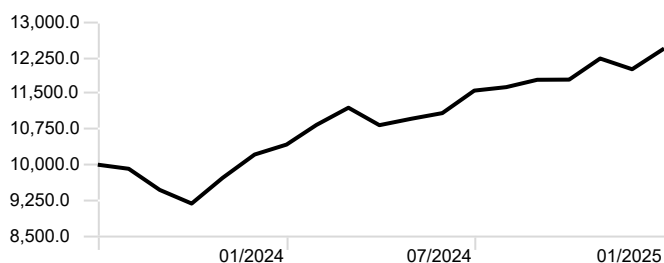
# Russell Investments Sustainable Managed Portfolio - High Growth



The portfolio returned 3.63%<sup>^</sup> in January. Both our global equity exposure and the direct Australian equity ESG portfolio contributed positively to performance over the period. Our emerging markets exposure also added value.

## Growth of \$10,000

Time Period: Since Inception to 31/01/2025



## Performance Review

As of Date: 31/01/2025

	Return
1 Month	3.63
3 Months	5.55
1 Year	19.41
2 Years	—
3 Years	—
YTD	3.63
Since Inception	15.68

Inception date: 1/08/2023

<sup>^</sup>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 medium to long term, with moderate to high volatility, consistent with a portfolio focusing on growth-oriented assets. The portfolio aims to provide exposure to predominantly sustainable investment strategies and outperform the benchmark over a rolling 7-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 100% such as Australian shares, international shares, property, infrastructure and alternatives over the long term. These allocations will be actively managed within the allowable ranges depending on market conditions.

## Main market highlights

Global share markets performed well in January. Much of the gains were driven by central bank activity; particularly in the US, where 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. The decision to hit the pause button was a unanimous one and came after the Fed cut interest rates by a total of 1.00% between September and December last year. 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. We expect the Fed to cut interest rates twice this year; in line with the Bank's own projections. 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 another 0.25% to 4.50%. Stocks also benefited from a series of encouraging US earnings results. Australian shares outperformed their global counterparts amid increasing speculation the Reserve Bank of Australia could cut interest rates as soon as its next meeting in February following the release of better-than-expected inflation data.

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

**The portfolio has a long-term asset allocation of 98% 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 2% 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.

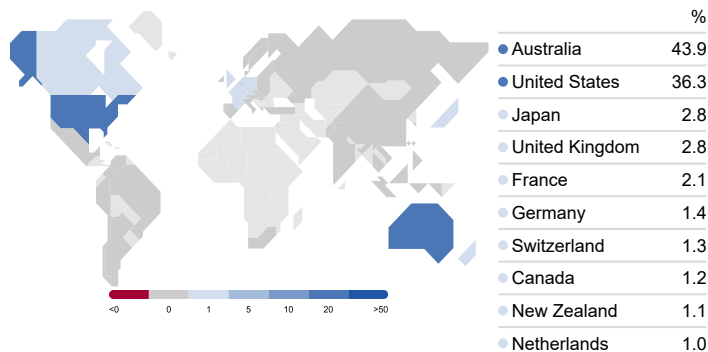
**Strategically, the portfolio has positions in cheaper and higher momentum securities per our research.**

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## Country Exposure

Portfolio Date: 31/01/2025



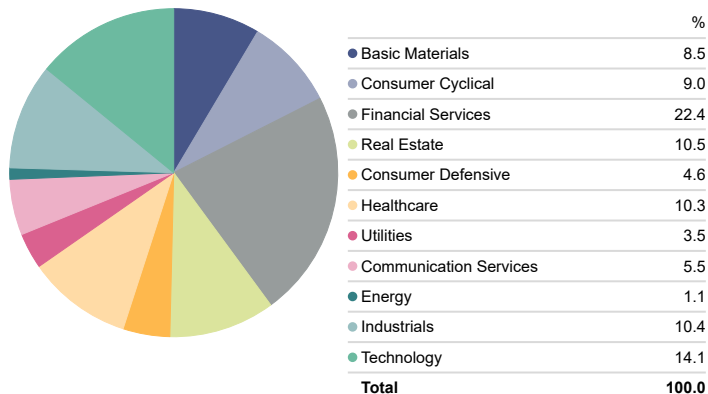
## Asset Allocation

Portfolio Date: 31/01/2025

	%
● Cash	4.3
● Domestic Equity	39.1
● Domestic Listed Property	4.3
● International Equity	48.9
● International Listed Property	3.4
<b>Total</b>	<b>100.0</b>

## 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.

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.

The portfolio's overall growth exposure was unchanged as we believe the market environment in the short to medium term will remain supportive of risk assets.

# Russell Investments Sustainable Managed Portfolio - High Growth



## Detailed Asset Allocation

Portfolio Date: 31/01/2025

	Portfolio Weighting %
Russell Inv Sust Global Opps Complex ETF	15.60
Russell Invmts Low Carbon Glb Shrs AUDH	15.53
Russell Invmts Low Carbon Glb Shrs A	10.11
Ausbil Active Sustainable Equity	7.55
Alphinity Sustainable Share	5.98
Perpetual ESG Australia Share	5.84
First Sentier Responsible Listed Infrs	4.06
Russell Intl Property Secs Hedged A	3.76
Vanguard Australian Property Secs ETF	3.36
Impax Sustainable Leaders Fund A	3.21
iShares Core Cash ETF	0.92
Commonwealth Bank of Australia	2.26
Westpac Banking Corp	1.49
National Australia Bank Ltd	1.39
CSL Ltd	1.34
ANZ Group Holdings Ltd	1.27
Wesfarmers Ltd	1.22
Telstra Group Ltd	0.93
Rio Tinto Ltd	0.92
Brambles Ltd	0.80
Macquarie Group Ltd	0.79
Goodman Group	0.77
Fortescue Ltd	0.72
JB Hi Fi Ltd	0.67
James Hardie Industries PLC	0.63
Woolworths Group Ltd	0.61
QBE Insurance Group Ltd	0.59
Transurban Group	0.59
BlueScope Steel Ltd	0.56
Northern Star Resources Ltd	0.53
Ancor PLC ADR	0.50
Coles Group Ltd	0.48
WiseTech Global Ltd	0.47
Suncorp Group Ltd	0.45
Cochlear Ltd	0.44
Atlas Arteria Ltd	0.43
Xero Ltd	0.43
Ramsay Health Care Ltd	0.35
Medibank Pvt Ltd	0.33
Pilbara Minerals Ltd	0.27
Iluka Resources Ltd	0.22

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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# Russell Investments Sustainable Managed Portfolio - High Growth



## Contact Russell Investments

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

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