

# Russell Investments Managed Portfolio - Diversified 50



The portfolio returned 1.01% in October. Both equities and bonds generated positive returns during October, driven by a combination of geopolitical news, with US and China reaching trade agreements, and the US Federal Reserve decreasing rates during the month. Emerging market equities outperformed, with China leading the way, developed markets were also strong over the month, albeit the Australian market lagged global counterparts.

## Portfolio objective

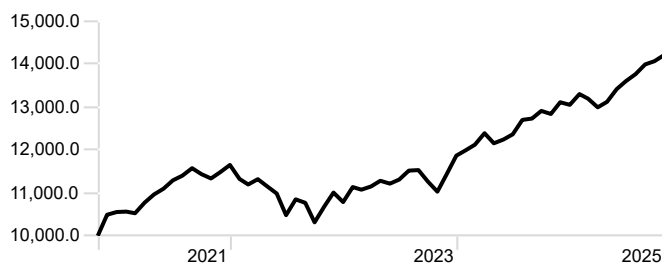
To provide returns over the medium term, with moderate volatility, consistent with a diversified mix of defensive and growth oriented assets.

## Portfolio strategy

The Portfolio typically invests in a diversified investment mix with exposure to growth investments of around 50% and defensive investments of around 50% over the long term, however the allocations will be actively managed within the allowable ranges depending on market conditions.

## Growth of \$10,000

Time Period: 1/11/2020 to 31/10/2025



## Performance Review

As of Date: 31/10/2025

	Return
1 Month	1.01
3 Months	3.22
1 Year	10.69
2 Years	13.50
3 Years	9.98
5 Years	7.28
YTD	8.88
Since Inception	5.98

Inception date: 17/06/2019

^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.

## Main market highlights

Both equities and bonds generated positive returns during October, driven by a combination of geopolitical news, with US and China reaching trade agreements, and the US Federal Reserve decreasing rates during the month. Emerging market equities outperformed, with China leading the way, developed markets were also strong over the month, albeit the Australian market lagged global counterparts. US and China trade talks led to some spouts of volatility during October, but ultimately helped support a good back drop for global equities and emerging market equities. Trade tensions over the month between the worlds largest two economies included a myriad of items; from soy beans, cooking oil, drone parts and rare earth restrictions – ultimately leading to a threatened 100% tariff on Chinese goods from Trump, which was short lived, when an agreement was reached for the U.S. to reduce their effective tariff rate to 47% from 57%, along with China suspending perishable goods tariffs and for 12 months, pausing the export controls on rare earth minerals and magnets.

Strong economic data has led to yields rising, with Australian 10-year government bond yields now near 4.5%. Meanwhile in the US, the Federal Reserve is more of a coin toss in terms of likelihood of a rate cut through year end, with markets pricing in a 46% chance of a cut, down from nearly 90%, after more hawkish speeches from Federal Reserve Officials citing only modestly restrictive policy setting currently, and a need to remain focused on inflation fighting efforts. This occurred post the FOMC rate cut decision, reducing the Fed Funds rate to 3.75 - 4.00% in October.

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

**The portfolio has a long-term asset allocation of 55% to return generating assets (including high yield debt and other extended fixed income).** 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 45% 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.

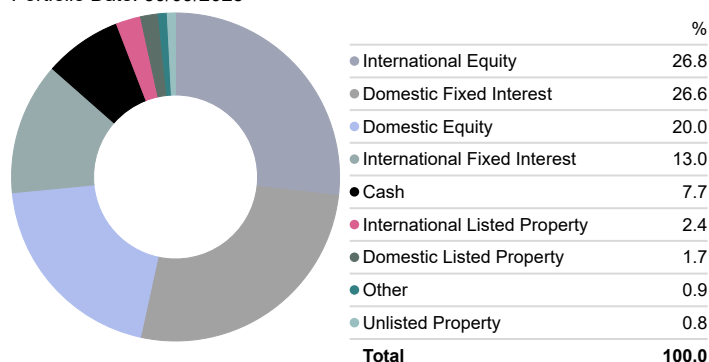
**Strategically, the portfolio has positions in cheaper and higher momentum securities as per our researched beliefs.**

# Russell Investments Managed Portfolio - Diversified 50



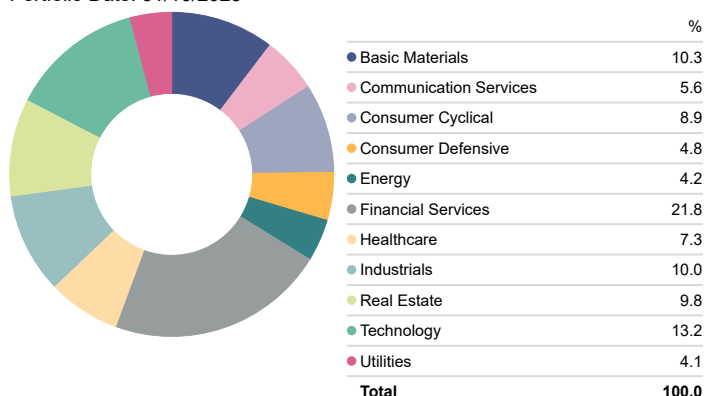
## Asset Allocation (in arrears)

Portfolio Date: 30/09/2025



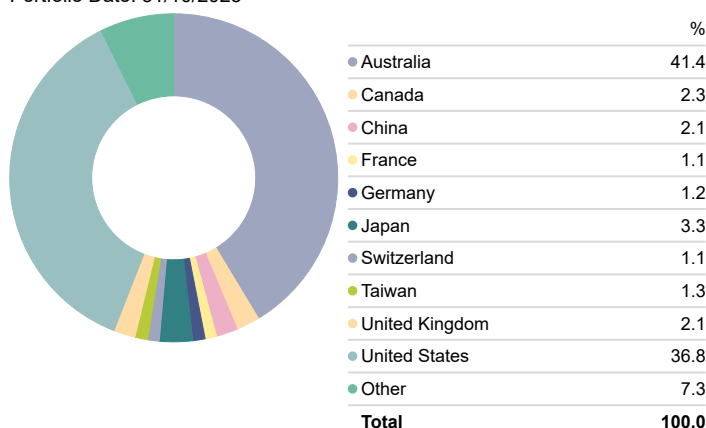
## Sector Allocation

Portfolio Date: 31/10/2025



## Country Allocation

Portfolio Date: 31/10/2025



## Main portfolio highlights

The direct Australian equity portfolio was flat during October, modestly underperforming its benchmark. The underperformance can be attributed to the dual effects of sectoral downturns and stock selection in the IT and Industrial sectors. In contrast, the portfolio benefited from stock selection in the Healthcare sector. Stock selection among healthcare stocks contributed positively to the overall performance of the fund, including nil holdings in Pro Medicus Ltd. and ResMed Inc, which significantly underperformed. An underweight to the IT sector added positively to the fund's excess return, however, an overweight to WiseTech Global Ltd within the sector detracted from overall performance, as the stock moved lower due to police and regulator raids in the wake of alleged share trading by the Executive Chairman.

In terms of global equity exposure, the Global Opportunities Fund generated positive absolute returns but negative benchmark relative returns during October. Regional emerging market managers Redwheel and Oaktree underperformed, and Numeric's low volatility quantitative strategy also struggled with a backdrop of higher volatility companies from the tech sector outperforming.

Both the Australian Bond Fund and International Bond Fund generated positive absolute and benchmark relative returns. Macquarie and UBS generated positive outperformance for the Australian Bond Fund, and International Bond Fund managers, RBC (BlueBay, country selection) and Cholchester (global sovereign mandate) contributed positively, outperforming their respective benchmarks.

There were no changes made to the model during the month. However, using the dynamic real return core of the managed portfolio, we modestly added to emerging market bonds and Amundi's long equity volatility strategy, as a way to provide an incremental diversification benefit given high equity market valuations and the low implied volatility at the time, which has added value month to date in November.

Overall, the managed portfolio is positioned in a cautiously opportunistic manner, with a modest overweight to listed growth.

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

The global economy has continued to remain resilient, and our recessionary probability has declined in line with this. Additionally, a benign labor market rebalancing in the US, reasonable US earnings expectations and central banks reducing interest rates may provide tail winds. However, risks do remain; valuations are high compared to history, the US labor market is slowing, lackluster growth and productivity is expected in Australia and global geopolitics instability leads us to expect higher levels of volatility to continue, with active management to play an important role in navigating through it. As markets continue to move higher, we will continue to assess the level of optimism in markets, looking to reduce risk if we see unsustainable extremes in alignment with our contrarian sentiment indicator. Additionally, we also remain ready to add risk in significant downside market dislocations. We retain the same themes as recent months, i.e. a modest preference for less expensive equity markets versus US equities and peer-relative overweights to global small caps and the value factor – albeit to a less extent than in the past. Furthermore, we retain a modest overweight to listed growth, with an underweight to high yield debt which we believe is expensive and provides negative asymmetry.

# Russell Investments Managed Portfolio - Diversified 50



## Detailed Asset Allocation

Portfolio Date: 31/10/2025

	Portfolio Weighting %
Russell Inv Multi-Asset Income Strategy	33.97
Russell Inv Australian Government Bd ETF	7.27
Vanguard US Total Market Shares ETF	6.92
Vanguard MSCI Intl (Hdg) ETF	6.34
Vanguard Global Aggregate Bd Hdg ETF	6.28
Vanguard All-World ex-US Shares ETF	5.28
Vanguard Australian Shares ETF	2.50
Vanguard Global Infrastructure Index Hgd	2.44
Vanguard International Prpty Secs IdxHdg	2.33
Russell Inv Australian Select CorpBd ETF	2.32
Vanguard MSCI Australian Small Coms ETF	1.65
Vanguard Global Value Equity Active ETF	1.62
iShares Core Cash ETF	1.46
Vanguard FTSE Emerging Markets Shrs ETF	1.22
Firetrail Australian Small Companies M	1.15
iShares S&P Small-Cap ETF	1.02
Vanguard Australian Property Secs ETF	0.97
iShares JP Morgan USD EmMkts Bd AUDH ETF	0.86
Vanguard Intl Credit Secs (Hdg) ETF	0.10
Commonwealth Bank of Australia	1.52
BHP Group Ltd	1.39
Westpac Banking Corp	0.77
National Australia Bank Ltd	0.73
ANZ Group Holdings Ltd	0.67
Wesfarmers Ltd	0.61
CSL Ltd	0.54
Transurban Group	0.54
Rio Tinto Ltd	0.45
Macquarie Group Ltd	0.44
Goodman Group	0.41
Evolution Mining Ltd	0.39
Telstra Group Ltd	0.39
Woodside Energy Group Ltd	0.34
Qantas Airways Ltd	0.33
QBE Insurance Group Ltd	0.32
Woolworths Group Ltd	0.30
Fortescue Ltd	0.30
Ansell Ltd	0.30
Coles Group Ltd	0.28
Aristocrat Leisure Ltd	0.28
Northern Star Resources Ltd	0.28
SGH Ltd	0.23
Suncorp Group Ltd	0.22
Metcash Ltd	0.21
Bendigo and Adelaide Bank Ltd	0.21
JB Hi Fi Ltd	0.19
Medibank Pvt Ltd	0.19
WiseTech Global Ltd	0.19
REA Group Ltd	0.17

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 - Diversified 50



## Contact Russell Investments

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

## Important Information



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.

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.

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 2025. 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.

© 2025 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](http://www.morningstar.com.au/s/fsg.pdf) and [www.morningstar.com.au/mca/s/fapds.pdf](http://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.