

# Russell Investments Managed Portfolio - Growth



The portfolio returned 1.28% 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

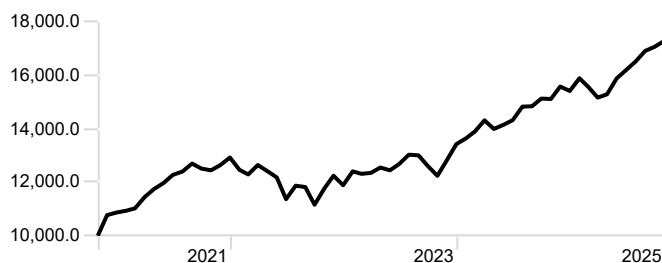
To provide capital growth over the long term consistent with a portfolio focusing on growth assets, while accepting fluctuations in capital values in the short term.

## Portfolio strategy

The Portfolio typically invests in a diversified investment mix with exposure to growth investments of around 90% and defensive investments of around 10% 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	1.28
3 Months	4.63
1 Year	14.30
2 Years	18.75
3 Years	13.65
5 Years	11.53
YTD	12.08
Since Inception	9.04

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 90% 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 10% 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.

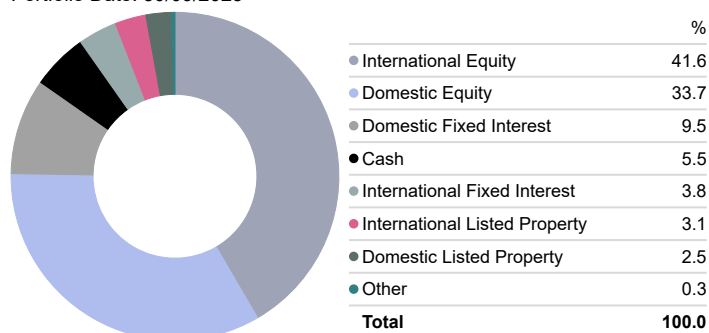
**Strategically, the portfolio has positions in cheaper and higher momentum securities as per our researched beliefs.**

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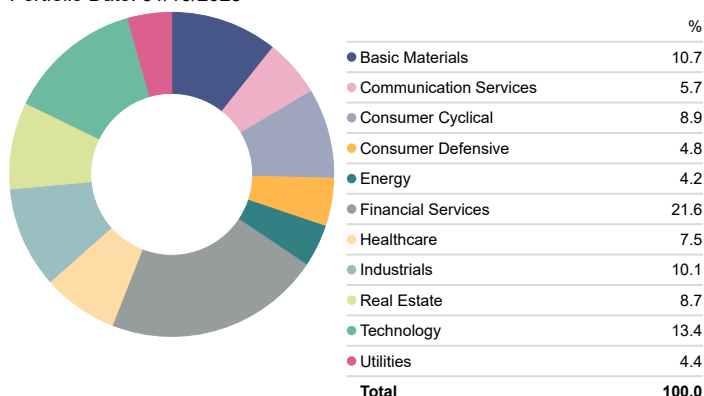
## Asset Allocation (in arrears)

Portfolio Date: 30/09/2025



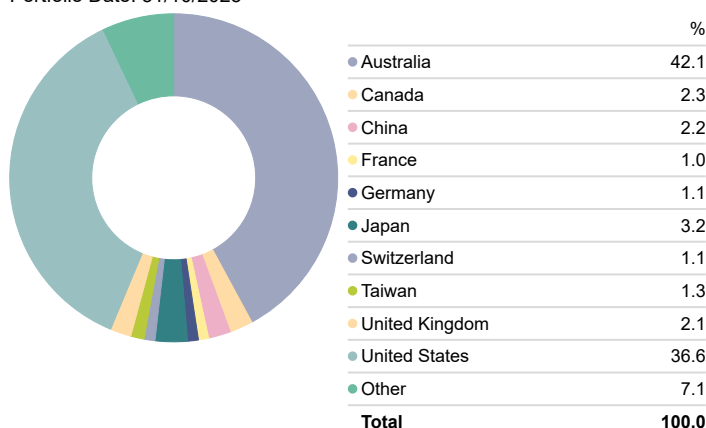
## Sector Allocation

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.

There were no changes made to the model during the month. However, using the dynamic real return core of the managed portfolio, we increased the currency exposure (reduced AUD exposure), as the AUD had appreciated against USD over the past months after trading at an April low of just below \$0.60. In addition, 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.

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## Detailed Asset Allocation

Portfolio Date: 31/10/2025

	Portfolio Weighting %
Russell Inv Multi-Asset Growth StratPlus	22.34
Vanguard MSCI Intl (Hdg) ETF	9.11
Vanguard US Total Market Shares ETF	8.13
Vanguard All-World ex-US Shares ETF	6.15
Russell Global Opportunities A	4.92
Vanguard Global Infrastructure Index Hgd	4.62
Russell Inv Australian Government Bd ETF	2.96
Vanguard International Prpty Secs IdxHdg	2.94
Vanguard MSCI Australian Small Coms ETF	2.71
Firetrail Australian Small Companies M	2.24
Vanguard Global Value Equity Active ETF	2.07
Vanguard FTSE Emerging Markets Shrs ETF	1.74
Vanguard Australian Shares ETF	1.53
iShares S&P Small-Cap ETF	1.49
Vanguard Australian Property Secs ETF	1.33
Vanguard Global Aggregate Bd Hdg ETF	1.32
iShares Core Cash ETF	0.77
Commonwealth Bank of Australia	2.60
BHP Group Ltd	2.38
Westpac Banking Corp	1.31
National Australia Bank Ltd	1.24
ANZ Group Holdings Ltd	1.15
Wesfarmers Ltd	1.06
CSL Ltd	0.92
Transurban Group	0.92
Rio Tinto Ltd	0.76
Macquarie Group Ltd	0.75
Goodman Group	0.70
Telstra Group Ltd	0.67
Evolution Mining Ltd	0.67
Woodside Energy Group Ltd	0.58
Qantas Airways Ltd	0.56
QBE Insurance Group Ltd	0.54
Ansell Ltd	0.52
Woolworths Group Ltd	0.52
Fortescue Ltd	0.51
Coles Group Ltd	0.48
Aristocrat Leisure Ltd	0.48
Northern Star Resources Ltd	0.48
SGH Ltd	0.39
Suncorp Group Ltd	0.38
Metcash Ltd	0.35
Bendigo and Adelaide Bank Ltd	0.35
JB Hi Fi Ltd	0.33
Medibank Pvt Ltd	0.33
WiseTech Global Ltd	0.32
REA Group Ltd	0.30

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](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.

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