

# Russell Investments Sustainable Managed Portfolio - Balanced



The portfolio returned 1.29% in October. Strong total returns were predominantly driven by global equities, with Australian equities lagging as the market digested an inflation print that was higher than expected. The direct Australian equity ESG portfolio outperformed its benchmark through the month, while active Australian managers Alphinity and Ausbil modestly underperformed their benchmark. In global equities, active manager Impax posted solid returns and outperformed the benchmark. Defensive assets were positive through the month, as interest rates modestly declined in the United States and credit spreads remained contained.

## 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

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.

The RBA held rates at both their September and November meetings at 3.6%, and markets are currently pricing in only a 6% chance of a cut to 3.35% at the next meeting in December and only 20% for a cut through to May next year. The reduced likelihood of an RBA rate cut comes off the back of higher inflation data versus the forecast by the RBA, along with a strong jobs number of 42,000 people added for October (more than double the expected amount), reducing the unemployment rate to 4.3% from 4.5%. The 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

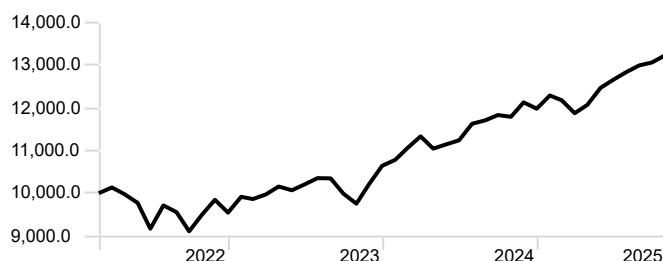
**The portfolio has a long-term asset allocation of 70% to growth assets.** Growth asset valuations have increased year to date but are below pre-pandemic levels. Long-term, forward-looking return expectations for US shares and high-yield debt have moderated. The economic outlook creates uncertainty 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 31/10/2025



## Performance Review

As of Date: 31/10/2025

	Return
1 Month	1.29
3 Months	3.07
1 Year	12.21
2 Years	16.44
3 Years	11.65
YTD	10.44
Since Inception	7.92

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.

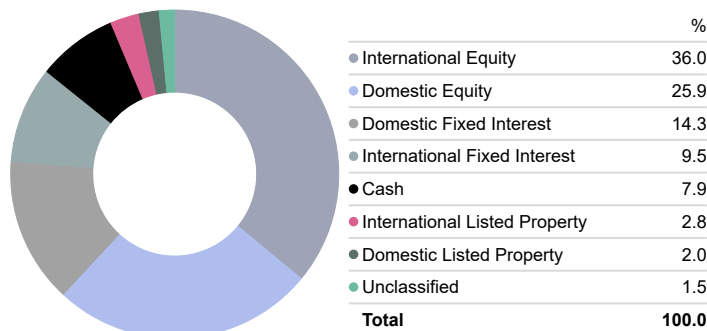
Please contact your platform or adviser for details of your performance or current holdings in the Managed Portfolio.

# Russell Investments Sustainable Managed Portfolio - Balanced



## Asset Allocation

Portfolio Date: 31/10/2025



## Main portfolio highlights

The direct Australian equity portfolio saw outperformance through the month, which offset some of the underperformance from the other active managers in the portfolio. Within the direct portfolio, an overweight to financials and an underweight to healthcare were accretive to performance, while an underweight to materials was a drag. Within financials, an overweight to ANZ was a positive, while not holding Pro Medicus was the driver for health care. Not holding BHP was a drag to performance, but this exclusion is driven by the consideration to reduce carbon intensity. For Ausbil's Active Sustainable Equity Fund, being overweight in CSL and Life360 was a challenge.

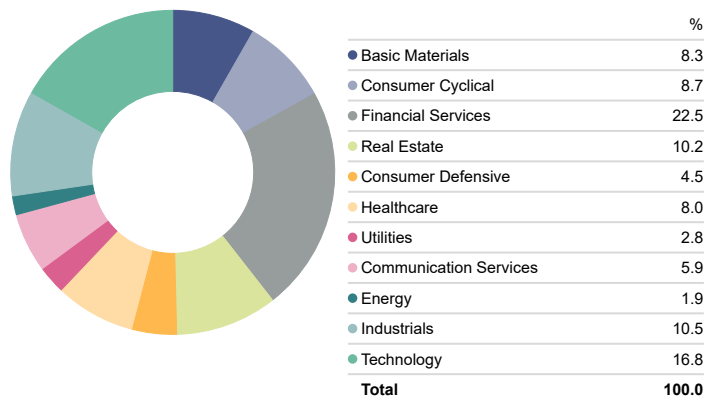
In global equities, the Russell Investments Sustainable Global Opportunities Complex ETF (RGOS) saw strong absolute returns for the month, while Impax Sustainable Leaders Fund underperformed relative to the benchmark. For Impax, holdings in Agilent Technologies and Amphenol were positive, while positions in Linde and Air Liquide were detractors.

In defensive assets, Ardea Real Outcome Fund (which specializes in relative value opportunities in global interest rate markets) was a solid contributor to performance for the month. Pandal Sustainable Australian Fixed Interest Fund and Altius Green Bond Fund saw very similar performance for the month, while Robeco's Credit Income Fund was solid.

There were no material changes to portfolio positioning through the month.

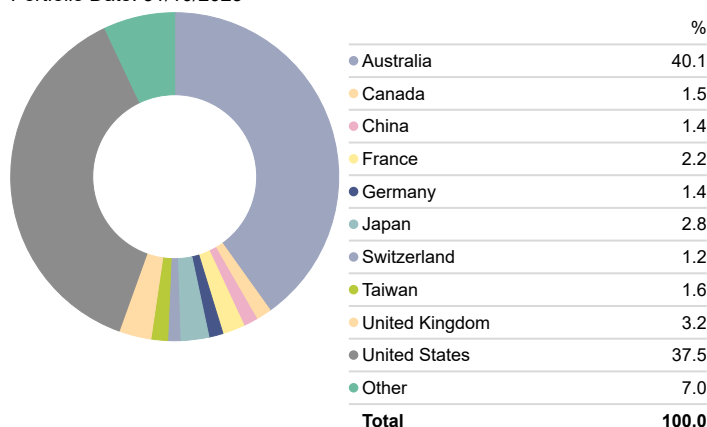
## Sector Allocation

Portfolio Date: 31/10/2025



## Regional Allocation

Portfolio Date: 31/10/2025



# Russell Investments Sustainable Managed Portfolio - Balanced



## Detailed Asset Allocation

Portfolio Date: 31/10/2025

	Portfolio Weighting %
Russell Invmts Low Carbon Glb Shrs A	12.71
Russell Invmts Low Carbon Glb Shrs AUDH	9.67
Russell Inv Sust Global Opps Complex ETF	8.57
Vanguard Etcly Cons Gbl Aggt Bd H ETF	7.37
Pendal Sustainable Aust Fixed Interest	6.38
Altius Green Bond Ordinary	4.57
Russell Intl Property Secs Hedged A	3.90
Ausbil Active Sustainable Equity	3.75
Impax Sustainable Leaders Fund A	3.44
iShares Core Cash ETF	3.10
Alphinity Sustainable Share	3.02
Perpetual ESG Australia Share	2.60
First Sentier Global Listed Infrs Fd	2.22
Robeco Credit Income (AUD Hedged) C	2.16
Altius Sustainable Short Term Income Ord	1.76
Ardea Real Outcome Fund	1.72
Regnan Credit Impact Trust	1.54
iShares U.S. Treasury Bond AUDH ETF	1.52
Vanguard Australian Property Secs ETF	0.85
Commonwealth Bank of Australia	2.09
ANZ Group Holdings Ltd	1.11
National Australia Bank Ltd	1.05
Westpac Banking Corp	1.05
Wesfarmers Ltd	0.98
Rio Tinto Ltd	0.92
Telstra Group Ltd	0.85
Fortescue Ltd	0.84
CSL Ltd	0.76
Macquarie Group Ltd	0.68
Coles Group Ltd	0.59
Brambles Ltd	0.56
Goodman Group	0.54
Northern Star Resources Ltd	0.52
Transurban Group	0.51
Woolworths Group Ltd	0.50
QBE Insurance Group Ltd	0.46
Evolution Mining Ltd	0.45
Suncorp Group Ltd	0.43
Cochlear Ltd	0.42
Scentre Group	0.38
Reliance Worldwide Corp Ltd	0.36
Worley Ltd	0.36
Amcor PLC	0.36
BlueScope Steel Ltd	0.34
Medibank Pvt Ltd	0.30
Xero Ltd	0.27
JB Hi Fi Ltd	0.25
WiseTech Global Ltd	0.18

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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