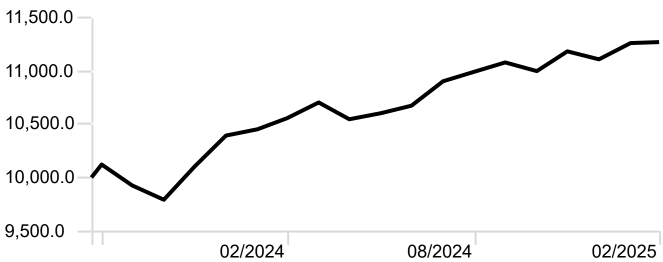
Russell Investments Sustainable Managed Portfolio - Conservative

The portfolio returned 0.08%^ in February. Traditional fixed income assets like government bonds made good gains against a backdrop of mostly lower yields. The portfolio's emerging markets exposure and global listed property assets also added value. In contrast, our global equity exposure and the direct Australian equity ESG portfolio delivered negative absolute returns for the month; though the direct Australian equity ESG portfolio did outperform its benchmark. Our Australian listed property assets also weighed on returns.

Growth of $10,000

Time Period: Since Inception to 28/02/2025



Performance Review

As of Date: 28/02/2025

	Return
1 Month	0.08
3 Months	0.77
1 Year	6.75
2 Years	—
3 Years	—
YTD	1.45
Since Inception	8.14

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 good gains in February. Longer-term government bond yields were mostly lower (prices higher) over the period, driven in part by the asset class's traditionally defensive characteristics in the face of uncertainty surrounding US trade policy and the Trump Administration's tariff threats against its three biggest trading partners – Canada, Mexico and China. Back in November, then US president-elect Donald Trump threatened to impose a 25% tariff on Canadian and Mexican goods and an additional 10% tariff on Chinese goods when he returned to the White House in January. Whilst Trump agreed to delay tariffs on his northern and southern neighbours, he nevertheless pressed forward with tariffs on Chinese imports. In response, China announced a series of retaliatory levies on some US products, raising the risk of a trade war between the world's two biggest economies. Trump's tariff threats, together with his long history of unpredictable behaviour, has seen the positive momentum that followed his re-election give way to caution as investors try to navigate the potential impact on US (and global) growth. Investors also favoured bonds after the US blindsided its European allies and Ukraine by excluding them from a meeting with Russian representatives to discuss an end to the Russia/ Ukraine conflict. Meantime, global credit markets were mixed. Australian bonds underperformed their global counterparts over the period, while domestic credit markets were mildly positive.

Both global and Australian share markets were weaker for the month.

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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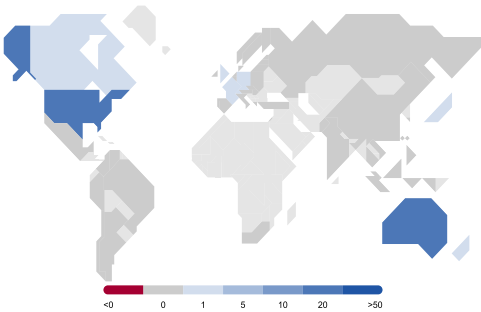
Country Exposure

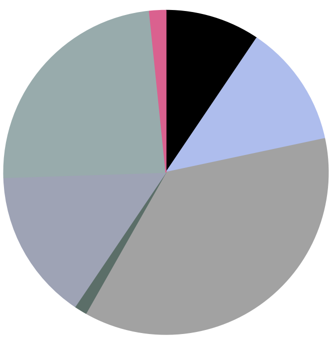
Portfolio Date: 28/02/2025



	%
Australia	44.2
United States	36.1
United Kingdom	2.9
Japan	2.6
France	2.3
Germany	1.6
Switzerland	1.3
New Zealand	1.3
Canada	1.2
Netherlands	1.0

Asset Allocation

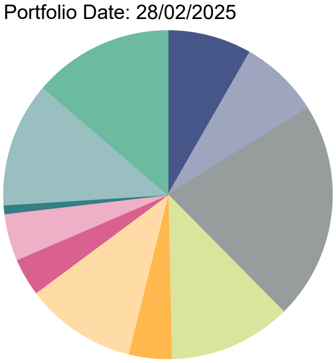
Portfolio Date: 28/02/2025



	%
Cash	9.4
Domestic Equity	12.2
Domestic Fixed Interest	36.6
Domestic Listed Property	1.3
International Equity	15.0
International Fixed Interest	23.9
International Listed Property	1.6
Total	**100.0**

Sector Allocation

Portfolio Date: 28/02/2025



	%
Basic Materials	8.3
Consumer Cyclical	7.9
Financial Services	21.4
Real Estate	12.1
Consumer Defensive	4.2
Healthcare	10.9
Utilities	3.7
Communication Services	4.6
Energy	0.9
Industrials	12.3
Technology	13.7
Total	**100.0**

Main portfolio highlights

The direct Australian equity ESG portfolio outperformed its benchmark; though absolute returns were negative. Stock selection within the materials sector contributed positively to performance, including overweights to BlueScope Steel and global packaging company Amcor. Stock selection amongst financials also added value; notably an overweight to Medibank Private and an underweight to Afterpay owner Block, which fell sharply in the wake of a disappointing earnings result. In contrast, overweight exposures to the information technology and healthcare sectors weighed on overall performance.

The Russell Investments Sustainable Global Opportunities Complex ETF delivered negative 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 Germany’s 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, the Fund’s exclusion of tobacco companies detracted from overall returns, including nil holdings in US names Philip Morris International and Altria Group. Positioning within the utilities space also weighed on performance; notably nil holdings in US electricity providers Southern Company and Duke Energy.

The Impax Sustainable Leaders strategy underperformed its benchmark, driven in part by stock selection within the information technology space; notably overweights to chip maker Applied Materials and software company Cognex Corp. Stock selection within the healthcare sector also weighed on returns, including a modest overweight to Agilent Technologies. Partly offsetting this positioning was an underweight to the consumer discretionary sector.

There were no material positional changes in February.

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Detailed Asset Allocation

Portfolio Date: 28/02/2025

	Portfolio Weighting %
Vanguard Etclly Cons Gbl Aggt Bd H ETF	20.07
Pendal Sustainable Aust Fixed Interest	17.83
Altius Sustainable Short Term Income Ord	6.43
iShares Core Cash ETF	6.19
Regnan Credit Impact Trust	5.07
Russell Invmts Low Carbon Glb Shrs AUDH	5.04
Altius Green Bond Ordinary	4.93
Russell Inv Sust Global Opps Complex ETF	4.26
Robeco SDG Credit Income (AUD Hdg) C	3.83
Ardea Real Outcome Fund	3.67
Impax Sustainable Leaders Fund A	3.03
Russell Intl Property Secs Hedged A	1.93
Ausbil Active Sustainable Equity	1.67
First Sentier Responsible Listed Infras	1.47
Alphinity Sustainable Share	1.37
Perpetual ESG Australia Share	1.32
Russell Invmts Low Carbon Glb Shrs A	0.99
Vanguard Australian Property Secs ETF	0.70
Commonwealth Bank of Australia	0.98
CSL Ltd	0.62
Westpac Banking Corp	0.54
National Australia Bank Ltd	0.53
Wesfarmers Ltd	0.48
ANZ Group Holdings Ltd	0.45
Rio Tinto Ltd	0.37
Macquarie Group Ltd	0.35
Telstra Group Ltd	0.35
Transurban Group	0.28
Brambles Ltd	0.27
Fortescue Ltd	0.27
Goodman Group	0.24
Xero Ltd	0.24
Coles Group Ltd	0.23
Scentre Group	0.23
Suncorp Group Ltd	0.21
BlueScope Steel Ltd	0.20
Northern Star Resources Ltd	0.20
Cochlear Ltd	0.19
JB Hi Fi Ltd	0.19
Woolworths Group Ltd	0.19
Atlas Arteria Ltd	0.18
Amcor PLC ADR	0.16
Iluka Resources Ltd	0.16
Ramsay Health Care Ltd	0.16
QBE Insurance Group Ltd	0.15
Pro Medicus Ltd	0.14
WiseTech Global Ltd	0.14
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

For further information about Russell Investments please visit russellinvestments.com.au

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

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