

Russell Investments Sustainable Managed Portfolio - High Growth



The portfolio returned 6.31%[^] in the September quarter. Both our global equity exposure and the direct Australian equity ESG portfolio contributed positively to performance over the period. The portfolio's emerging markets exposure also added value.

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

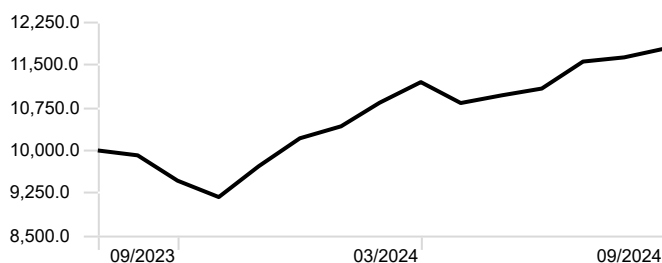
The portfolio typically invests in a diversified investment mix of predominantly sustainable investment strategies with exposure to growth investments of around 100% such as Australian shares, international shares, property, infrastructure and alternatives over the long term. These allocations will be actively managed within the allowable ranges depending on market conditions.

Main market highlights

Global share markets made good gains in the September quarter. Much of the gains continued to be driven by central bank activity; notably in the US, where the Federal Reserve (Fed) lowered its benchmark fed funds rate by 0.50% to a target range of between 4.75% and 5.00%. Whilst the rate cut itself had been widely anticipated, the size of the move had been the subject of much debate in the lead up to the meeting as the Bank's focus shifted from taming inflation to protecting the labour market and the country's economic expansion. Speaking after the meeting, Chairman Jerome Powell said the decision to cut rates by 0.50% didn't imply that the inflation fight was over, but rather that officials had growing confidence it was time for a recalibration of the Bank's policy stance. He also noted that the larger-than-normal move shouldn't be interpreted as the beginning of a more aggressive rate cutting cycle. Regardless, the bigger move added to optimism the US economy can achieve a 'soft landing', whereby the Fed tames inflation without triggering an economic downturn. The Australian share market performed well over the period, helped by a positive lead from its global peers, a series of mostly positive earnings results and strong gains across the 'Big Four' banks and major miners, which together comprise a large part of the index.

Growth of \$10,000

Time Period: Since Inception to 30/09/2024



Performance Review

As of Date: 30/09/2024

	Return
1 Month	1.31
3 Months	6.31
1 Year	24.47
2 Years	—
3 Years	—
YTD	15.40
Since Inception	15.13

Inception date: 1/08/2023

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.

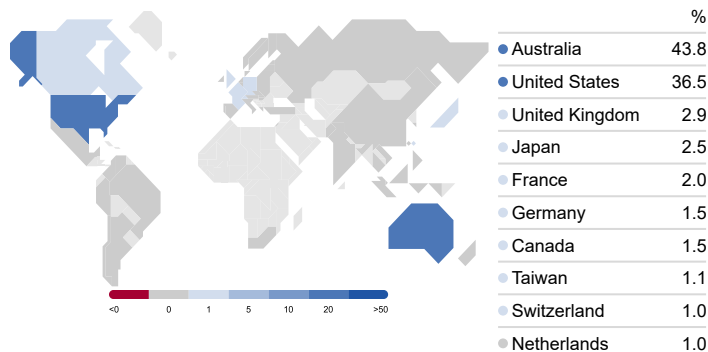
Strategically, the portfolio has positions in cheaper and higher momentum securities per our research.

Russell Investments Sustainable Managed Portfolio - High Growth



Country Exposure

Portfolio Date: 30/09/2024



Main portfolio highlights

The direct Australian equity ESG portfolio outperformed its benchmark, benefiting from structural underweights to the energy and utilities sectors. Both sectors underperformed the broader market over the period. In contrast, stock selection detracted from overall returns, albeit modestly. This included underweights to sleep device maker ResMed and QBE Insurance. Partly offsetting these positions were our holdings in Brambles and electronics retailer JB Hi-Fi. A small underweight to property trusts also weighed on performance.

Mirova's Global Sustainable Equity No.2 Fund underperformed its benchmark, driven in part by stock selection within the healthcare space; notably a sizable overweight to Danish pharmaceutical company Novo Nordisk A/S. Stock selection amongst industrials also weighed on returns, including an overweight to Danish wind turbine company Vestas Wind Systems A/S.

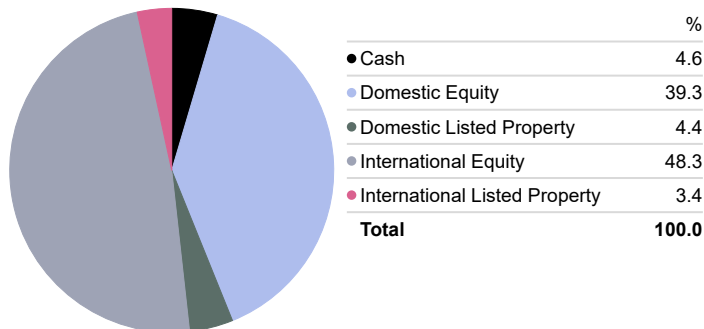
The Russell Investments Low Carbon Global Shares Fund narrowly outperformed its benchmark, benefiting from a structural underweight to the energy space and its exclusion of companies involved in defence contracting; notably nil holdings in plane makers Airbus SE and Boeing. In contrast, the Fund's exclusion of tobacco companies weighed on returns, including nil holdings in Philip Morris International and British American Tobacco.

The Impax Sustainable Leaders strategy outperformed its benchmark, driven by an overweight to industrials and stock selection within the healthcare sector. This included overweights to US laboratory technology provider Agilent Technologies and French laboratory testing company Eurofins Scientific SE.

In July, we reduced the portfolio's allocation to Australian real estate investment trusts (A-REITs) in favour of global real estate investment trusts (G-REITs). G-REITs have not only underperformed A-REITs but also the broader global equity market. As a result, we believe G-REITs offer better value. G-REITs also provide greater diversification benefits, with the global listed property market comprising more than 300 constituents compared to just 33 in Australia.

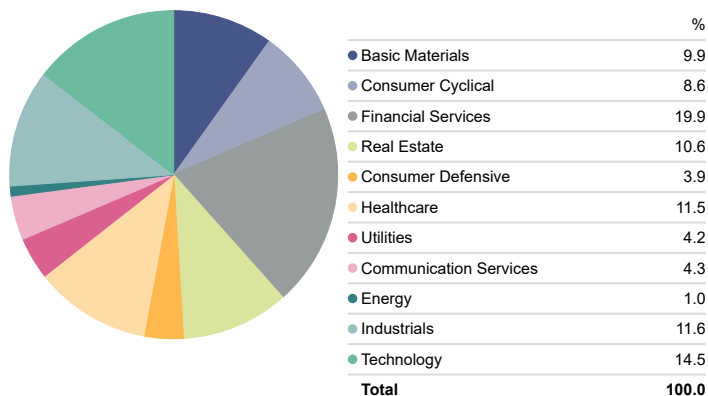
Asset Allocation

Portfolio Date: 30/09/2024



Sector Allocation

Portfolio Date: 30/09/2024



Russell Investments Sustainable Managed Portfolio - High Growth



Detailed Asset Allocation

Portfolio Date: 30/09/2024

	Portfolio Weighting %
Russell Invmts Low Carbon Glb Shrs AUDH	16.04
Mirova Global Sustainable Equity Fund	11.46
Russell Invmts Low Carbon Glb Shrs A	8.92
Ausbil Active Sustainable Equity	7.33
Impax Sustainable Leaders Fund A	7.22
Perpetual ESG Australia Share	6.04
Alphinity Sustainable Share	5.89
First Sentier Responsible Listed Infrs	4.19
Russell Intl Property Secs Hedged A	4.13
Vanguard Australian Property Secs ETF	3.50
iShares Core Cash ETF	0.96
Commonwealth Bank of Australia	2.05
CSL Ltd	1.48
Westpac Banking Corp	1.45
National Australia Bank Ltd	1.35
ANZ Group Holdings Ltd	1.32
Wesfarmers Ltd	1.21
Rio Tinto Ltd	1.04
Telstra Group Ltd	0.95
Fortescue Ltd	0.90
Brambles Ltd	0.83
Macquarie Group Ltd	0.82
Goodman Group	0.73
Woolworths Group Ltd	0.72
James Hardie Industries PLC ADR	0.66
BlueScope Steel Ltd	0.63
Transurban Group	0.60
JB Hi Fi Ltd	0.58
WiseTech Global Ltd	0.57
Ancor PLC	0.53
Northern Star Resources Ltd	0.51
QBE Insurance Group Ltd	0.49
Coles Group Ltd	0.48
Ramsay Health Care Ltd	0.47
Atlas Arteria Ltd	0.46
Suncorp Group Ltd	0.43
Cochlear Ltd	0.42
Pilbara Minerals Ltd	0.37
Xero Ltd	0.36
Iluka Resources Ltd	0.35
Medibank Pvt Ltd	0.32

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 Sustainable Managed Portfolio - High Growth



Contact Russell Investments

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



IMAP
MANAGED ACCOUNT
AWARD FINALIST
ESG PORTFOLIO



Important Information

The rating contained in this document 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.

RIM is part of Russell Investments. RIM is the investment adviser for the Managed Portfolio. RIM is the issuer of the Russell Investments Funds and Russell Investments ETFs mentioned in this document. RIM or its associates, officers or employees may have interests in the financial products referred to in this information by acting in various roles, including trustee, investment manager, broker or adviser, and may receive fees, brokerage or commissions for acting in these capacities. In addition, Russell Investments or its associates, officers or employees may buy or sell the financial products as principal or agent.

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 2024. 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.

© 2024 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 and 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.

FOR FINANCIAL PROFESSIONAL USE ONLY