

# Russell Investments Sustainable Managed Portfolio - High Growth



The portfolio returned -1.87%^ in February. 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. In contrast, the portfolio's emerging markets exposure and global listed property assets added value over the period.

## 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

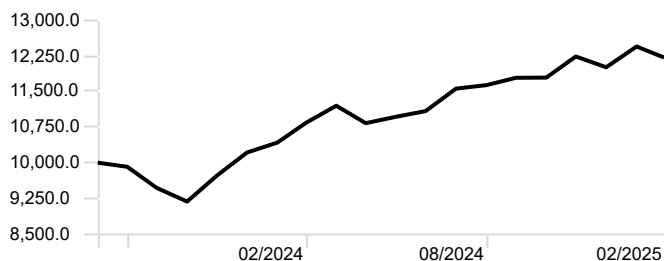
The portfolio typically invests in a diversified investment mix of predominantly sustainable investment strategies with exposure to growth investments of around 100% such as Australian shares, international shares, property, infrastructure and alternatives over the long term. These allocations will be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

## Main market highlights

Global share markets fell in February, driven by 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. Stocks were also impacted by heightened geopolitical risks 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. Australian shares tracked their global counterparts lower amid concerns over US trade policy and the Reserve Bank of Australia's 'hawkish' rate cut, with Governor Michele Bullock telling the market not to expect another move lower any time soon.

## Growth of \$10,000

Time Period: Since Inception to 28/02/2025



## Performance Review

As of Date: 28/02/2025

	Return
1 Month	-1.87
3 Months	-0.18
1 Year	12.70
2 Years	—
3 Years	—
YTD	1.70
Since Inception	13.50

Inception date: 1/08/2023

^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.

## 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.

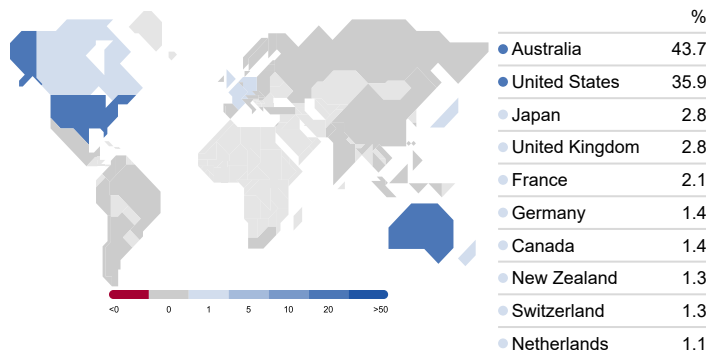
**Strategically, the portfolio has positions in cheaper and higher momentum securities per our research.**

# Russell Investments Sustainable Managed Portfolio - High Growth



## Country Exposure

Portfolio Date: 28/02/2025



## 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.

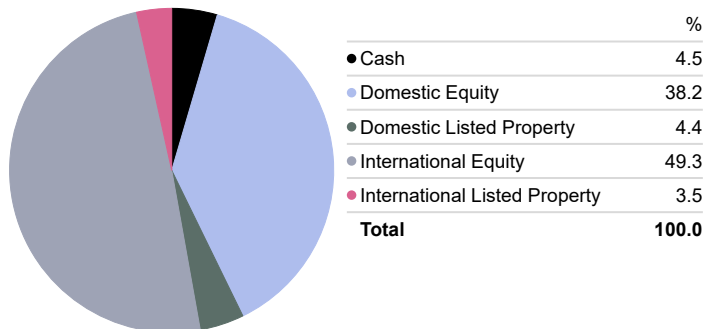
The Russell Investments Low Carbon Global Shares Fund performed in line with its benchmark. Positioning amongst industrials added value over the period, including an overweight to Germany's Siemens AG. The Fund also benefited from positioning within the energy sector; notably our holding in US real estate 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.

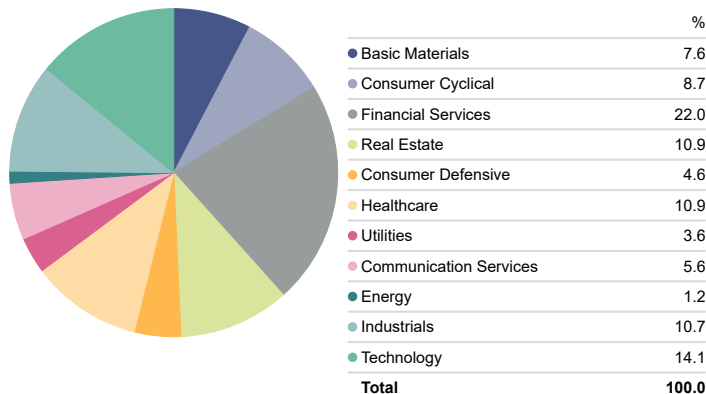
## Asset Allocation

Portfolio Date: 28/02/2025



## Sector Allocation

Portfolio Date: 28/02/2025



# Russell Investments Sustainable Managed Portfolio - High Growth



## Detailed Asset Allocation

Portfolio Date: 28/02/2025

	Portfolio Weighting %
Russell Invmts Low Carbon Glb Shrs AUDH	17.59
Russell Inv Sust Global Opps Complex ETF	15.76
Russell Invmts Low Carbon Glb Shrs A	8.44
Ausbil Active Sustainable Equity	7.25
Perpetual ESG Australia Share	6.03
Alphinity Sustainable Share	5.88
First Sentier Responsible Listed Infrs	4.39
Russell Intl Property Secs Hedged A	3.89
Impax Sustainable Leaders Fund A	3.26
Vanguard Australian Property Secs ETF	3.20
iShares Core Cash ETF	0.95
Commonwealth Bank of Australia	2.46
CSL Ltd	1.47
Westpac Banking Corp	1.30
Wesfarmers Ltd	1.19
National Australia Bank Ltd	1.19
ANZ Group Holdings Ltd	1.10
Telstra Group Ltd	0.95
Rio Tinto Ltd	0.92
Macquarie Group Ltd	0.84
Brambles Ltd	0.72
Transurban Group	0.69
Fortescue Ltd	0.60
Coles Group Ltd	0.60
Xero Ltd	0.59
BlueScope Steel Ltd	0.58
Suncorp Group Ltd	0.56
Scentre Group	0.55
Goodman Group	0.53
Northern Star Resources Ltd	0.53
Atlas Arteria Ltd	0.47
Woolworths Group Ltd	0.47
JB Hi Fi Ltd	0.45
Amcor PLC ADR	0.43
Ramsay Health Care Ltd	0.40
QBE Insurance Group Ltd	0.40
Cochlear Ltd	0.39
Iluka Resources Ltd	0.38
Medibank Pvt Ltd	0.37
Pro Medicus Ltd	0.33
WiseTech Global Ltd	0.26

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](https://russellinvestments.com.au)



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.

## 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 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.

FOR FINANCIAL PROFESSIONAL USE ONLY