

Russell Investments

Japan Equity Fund

Article 8



Portfolio Manager
Makiko Hakozaiki

Russell Investments' Global Equity Team comprises over 23 experienced professionals, including portfolio managers, researchers, portfolio analysts, and strategists in Russell Investments offices around the globe.

The team manages a wide range of U.S., non-U.S developed, emerging market, frontier market, and global equity mandates.

Fund facts

Share class; Dealing ccy

Class GBP-M; GBP

Dealing frequency; Cut off

Daily; 2.00pm GMT

Domicile; Category

Ireland; UCITS

Fund size

JPY 13,322.56m

ISIN; Bloomberg

IE00BKT6S374; RJGBPA ID

Fund launch date

30 June 1995

Share class launch date

04 October 2019

Management fee

0.70%

Share class NAV

GBP 12.28

Fund objective

The Fund aims to achieve long term growth by investing in the shares of Japanese companies. The Fund is broadly diversified across different Japanese companies and industry sectors. The Fund is actively managed with reference to the Topix Index (JPY) - Net Returns (the "Index") which it seeks to outperform by 1.75% over the medium to long term. Russell Investments/ Money Managers have full discretion to select investments for the Fund.

This product is an Article 8 product, as defined under EU regulation – it promotes environmental or social characteristics and invests in companies that follow good governance practices. This product does not have sustainable investment as its objective.

Fund update

We continue to see some interesting investment opportunities from a fundamental and value perspective in the Japanese market. In the current market environment, the Fund maintains a positive exposure to both growth and value with increasing risk budget to stock specifics. By diversifying Fund positions in both defensive and dynamic styles, while maintaining market sensitivity close to the benchmark, the Fund is well positioned for continued economic and earnings growth, but with reasonable downside protection.

Performance review (%)

| Performance to period end Returns shown in GBP | 1 month | 3 months | Year to date | 12 months | 3 years | 5 years | Since inception* |
|---|------------|-------------|-----------------|--------------|------------|------------|---------------------|
| Return gross of management fee Class GBP-M | 4.0 | 11.2 | 7.1 | 16.4 | 4.5 | - | 5.5 |
| Return net of management fee Class GBP-M | 3.9 | 11.0 | 7.0 | 15.6 | 3.8 | - | 4.8 |
| Topix Index (JPY) - Net Returns | 3.2 | 11.5 | 7.4 | 19.4 | 6.3 | - | 5.8 |

*Inception: 04 October 2019

All returns greater than 1 year are annualised

Discrete rolling 12 month performance (%)

| Returns shown in GBP | 31/12/23 31/12/22 | 31/12/22 31/12/21 | 31/12/21 31/12/20 | 31/12/20 31/12/19 | 31/12/19 31/12/18 |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|
| Return gross of management fee Class GBP-M | 10.6 | -5.8 | 1.7 | 10.1 | - |
| Return net of management fee Class GBP-M | 9.8 | -6.5 | 1.0 | 9.3 | - |
| Topix Index (JPY) - Net Returns | 12.8 | -4.5 | 1.7 | 9.1 | - |

Past performance does not predict future returns.

The current benchmark is the Topix Index (JPY) - Net Returns converted to British Pounds

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Japan Equity Fund (continued)

Portfolio statistics

| | Fund | Benchmark |
|---------------------------|------|-----------|
| Number of equity holdings | 354 | 2152 |
| Price/earnings | 18.6 | 16.9 |
| Dividend yield | 2.2 | 2.2 |
| Price to book | 1.5 | 1.6 |
| EPS growth (1 year) | 6.9 | 6.8 |

Data as at 31 January 2024
Source: Factset

| 3 years | Fund | Benchmark |
|----------------------------|-------|-----------|
| Volatility | 11.2 | 10.6 |
| Tracking error | 2.8% | - |
| Sharpe ratio | 0.3 | 0.5 |
| Information ratio | -0.8 | - |
| 3 year return (net) | 3.8% | 6.3% |
| 3 year excess return (net) | -2.5% | - |

Ten largest holdings by weight

| Security | Fund | Benchmark |
|---------------------------------------|------|-----------|
| Hitachi, Ltd. | 3.1% | 1.6% |
| Sony Group Corp. | 2.7% | 2.9% |
| Seven + I Holdings | 2.4% | 0.6% |
| Sumitomo Mitsui Financial Group, Inc. | 2.4% | 1.5% |
| Toyota Motor Corp. | 2.3% | 4.6% |
| Mitsubishi UFJ Financial Group, Inc. | 2.2% | 2.3% |
| ORIX Corp. | 2.0% | 0.5% |
| Recruit Holdings Co., Ltd. | 2.0% | 1.2% |
| Honda Motor Co., Ltd. | 1.9% | 1.1% |
| Tokyo Electron, Ltd. | 1.8% | 1.6% |

Data as at 31 January 2024

Sector weights

| | Fund | Benchmark |
|------------------------|-------|-----------|
| Industrials | 24.5% | 24.3% |
| Financials | 17.0% | 12.2% |
| Consumer Discretionary | 17.0% | 18.5% |
| Information Technology | 15.0% | 13.6% |
| Consumer Staples | 8.2% | 6.5% |
| Materials | 6.9% | 6.0% |
| Communication Services | 4.2% | 7.3% |
| Health Care | 3.7% | 7.4% |
| Real Estate | 2.8% | 2.0% |
| Utilities | 1.8% | 1.4% |
| Energy | 0.7% | 0.9% |
| Other | -1.8% | - |

Data as at 31 January 2024

ESG data

| | Fund | Benchmark |
|------------------|------|-----------|
| ESG Score | 23.3 | 23.6 |
| Carbon footprint | 67.2 | 89.4 |

Data as at 31 January 2024

Source: The portfolio-level ESG Risk Rating is the weighted average of the Sustainalytics' Risk Rating for securities in the portfolio. The Sustainalytics Risk Rating details are available at <https://www.sustainalytics.com/esg-data>. Carbon footprint is the weighted average carbon intensity of the Scope 1 and 2 carbon emission intensity of companies in the portfolio. It is measured in tonnes of CO2e divided by revenue (USD \$M).

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Japan Equity Fund (continued)

Fund structure

| Manager/Strategy | Role in fund | Target | Actual |
|------------------------------------|---|--------|--------|
| M&G | Market-oriented manager with focus on valuations | 16.6% | 17.3% |
| Sompo | Value manager with a long-term dividend discount approach | 29.1% | 24.3% |
| Russell Investments | Positioning Strategy designed to access the Japanese equity value premium | 12.7% | 11.9% |
| Polymer Capital Japan Limited | Fundamental research approach, focusing on above average intrinsic growth | 7.2% | 11.3% |
| Asset Management One | Growth-at-a-reasonable-price, seeks to exploit undervalued growth opportunities | 17.9% | 17.5% |
| SPARX | Concentrated portfolio of companies exhibiting long-term sustainable growth | 16.6% | 16.4% |
| Russell Investments (cash & other) | | - | 1.3% |

Russell Investments may trade a portion of the Fund's assets based on a model portfolio provided by the investment advisor. By employing this emulated portfolio approach, the Fund leverages off the implementation capabilities of Russell Investments in order to manage the funds in an efficient manner.

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Past performance does not predict future returns.

The net assets of the fund are likely to have high volatility.

Any reference to returns linked to currencies may increase or decrease as a result of currency fluctuations. Tax treatments depend on the circumstances of the individual client and may be subject to change in the future.

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