

Russell Investments

Global Credit Fund

Article 8



Senior Portfolio Manager
Gerard Fitzpatrick

Russell Investments' Global Fixed Income Team comprises over 9 experienced professionals, including portfolio managers, researchers, portfolio analysts, and strategists in Russell Investments offices around the globe.

The team manages cash and multi-strategy fixed income portfolios, which include global, regional, investment grade, high yield, emerging market debt and absolute return mandates.

Fund facts

Share class; Dealing ccy

Class A Acc; USD

Dealing frequency; Cut off

Daily; 2.00pm GMT

Domicile; Category

Ireland; UCITS

Fund size

USD 764.16m

ISIN; Bloomberg

IE00B62WQV84; RUSGLCA ID

Fund launch date

24 March 2010

Share class launch date

24 March 2010

Management fee

0.65%

Share class NAV

USD 13.67

Fund objective

The Fund aims to achieve income and growth by investing at least 70% of its assets worldwide in bonds, and debt instruments, including mortgage and asset backed securities. The Fund is actively managed with reference to the Bloomberg Global Aggregate Credit Index (USD) - Total Returns (the "Index") which it seeks to outperform by 0.75% 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

The Fund outperformed the benchmark return. Overweight exposure to credit in Europe, particularly investment grade, contributed positively. In the US, an overweight to high yield was effective while an underweight to investment grade detracted. Positioning in hard currency emerging market debt was unhelpful due to underweights to investment grade in Asia, Latin America and the Middle East. In currencies, underweights to the Swiss franc, Swedish krona and Australian dollar were rewarded. An overweight to the US dollar also helped. In contrast, overweights to the Norwegian krone and New Zealand dollar were negative. In rates, exposure to US Treasuries detracted largely due to allocations to 1-year issues. An overweight to UK gilts was also unhelpful. Elsewhere, underweights to 1-year German bunds and rates in Japan contributed positively.

Performance review (%)

| Performance to period end Returns shown in USD | 1 month | 3 months | Year to date | 12 months | 3 years | 5 years | Since inception* |
|--|------------|-------------|-----------------|--------------|------------|------------|---------------------|
| Return gross of management fee Class A Acc | 1.3 | -0.6 | -0.6 | 4.7 | -3.7 | 0.6 | 2.9 |
| Return net of management fee Class A Acc | 1.2 | -0.8 | -0.8 | 4.0 | -4.4 | 0.0 | 2.3 |
| Bloomberg Global Aggregate Credit Index (USD) - Total Returns | 1.1 | -0.9 | -0.9 | 4.8 | -3.2 | 0.4 | 2.5 |

*Inception: 24 March 2010

All returns greater than 1 year are annualised

Discrete rolling 12 month performance (%)

| Returns shown in USD | 31/03/24 31/03/23 | 31/03/23 31/03/22 | 31/03/22 31/03/21 | 31/03/21 31/03/20 | 31/03/20 31/03/19 |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|
| Return gross of management fee Class A Acc | 4.7 | -9.1 | -6.3 | 13.8 | 1.7 |
| Return net of management fee Class A Acc | 4.0 | -9.7 | -6.9 | 13.0 | 1.0 |
| Bloomberg Global Aggregate Credit Index (USD) - Total Returns | 4.8 | -7.1 | -6.7 | 10.6 | 1.7 |

| Returns shown in USD | 31/03/19 31/03/18 | 31/03/18 31/03/17 | 31/03/17 31/03/16 | 31/03/16 31/03/15 | 31/03/15 31/03/14 |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|
| Return gross of management fee Class A Acc | 1.2 | 6.9 | 2.8 | 1.2 | -0.7 |
| Return net of management fee Class A Acc | 0.6 | 6.2 | 2.1 | 0.6 | -1.4 |
| Bloomberg Global Aggregate Credit Index (USD) - Total Returns | 1.2 | 6.5 | 0.7 | 2.1 | -0.9 |

Past performance does not predict future returns.

The current benchmark is the Bloomberg Global Aggregate Credit Index (USD) - Total Returns converted into the currency displayed into the performance table above where applicable. Effective August 24, 2021, the Bloomberg Barclays fixed income indices were rebranded the Bloomberg Indices. The benchmark prior to 24th August 2016 was the Barclays Global Aggregate Credit Index. From October 2001 to November 2008 the index was the Lehman Brothers Global Aggregate Credit Index. The benchmark prior to October 2001 was SSB WGBI.

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Global Credit Fund (continued)

Portfolio statistics

| | Fund | Benchmark |
|-----------------------|------|-----------|
| Effective duration | 6.4 | 5.9 |
| Average maturity | 10.8 | 8.9 |
| Average credit rating | A | A |
| Yield to worst | 5.2 | 4.9 |

Data as at 29 February 2024

| 3 years | Fund | Benchmark |
|----------------------------|-------|-----------|
| Volatility | 9.4 | 9.1 |
| Tracking error | 1.1% | - |
| Sharpe ratio | -0.7 | -0.6 |
| Information ratio | -1.1 | - |
| 3 year return (net) | -4.4% | -3.2% |
| 3 year excess return (net) | -1.2% | - |

Ten largest holdings by weight

| Security | Fund |
|--|------|
| Bundesrepub. Deutschland 2.6 15-Aug-2033 | 1.3% |
| Us Treasury N/B 4.25 15-Feb-2054 | 0.7% |
| Asr Nederland Nv 7 07-Dec-2043 | 0.5% |
| Bundesschatzanweisungen 2.2 12-Dec-2024 | 0.5% |
| Us Treasury N/B 4.75 15-Nov-2053 | 0.5% |
| Deutsche Bank Ag 4 24-Jun-2032 | 0.5% |
| Us Treasury N/B 4.5 15-Feb-2044 | 0.5% |
| Selp Finance Sarl 0.875 27-May-2029 | 0.4% |
| Telefonica Europe Bv 2.88 24-May-2172 | 0.4% |
| Morgan Stanley 4.656 02-Mar-2029 | 0.4% |

Source: State Street

Sector weights

| | Fund | Benchmark |
|-------------|-------|-----------|
| Corporates | 71.9% | 73.5% |
| Other | 9.7% | 0.1% |
| Treasuries | 7.3% | 0.5% |
| Gov-related | 4.8% | 14.7% |
| EMD Hard | 4.3% | 11.1% |
| Securitised | 1.9% | 0.1% |
| EMD Local | - | 0.0% |

Data as at 29 February 2024

Credit quality weights

| | Fund | Benchmark |
|------------|-------|-----------|
| AAA & Cash | 20.1% | 8.6% |
| AA | 3.4% | 13.7% |
| A | 21.9% | 34.0% |
| BBB | 48.1% | 42.1% |
| BB | 6.3% | 1.6% |
| B | 0.1% | 0.0% |
| NR/Other | 0.1% | - |

Data as at 29 February 2024

Market weight (ccy)

| | Fund | Benchmark |
|--------|-------|-----------|
| USD | 58.3% | 64.6% |
| EUR | 37.8% | 26.2% |
| GBP | 3.3% | 4.4% |
| CAD | 0.4% | 2.6% |
| CHF | 0.2% | 0.4% |
| JPY | 0.0% | 0.6% |
| AUD | 0.0% | 0.9% |
| ARS | 0.0% | - |
| BRL | 0.0% | - |
| Others | 0.0% | 0.3% |

Data as at 29 February 2024

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Global Credit Fund (continued)

ESG data

| | Fund | Benchmark |
|------------------|-------|-----------|
| ESG Score | 22.8 | 22.9 |
| Carbon footprint | 158.4 | 220.3 |

Data as at 29 February 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).

Fund structure

| Manager/Strategy | Role in fund | Target | Actual |
|------------------------------------|---|--------|--------|
| Fidelity | Global value manager focusing on high quality security selection inputs. | 14.0% | 17.1% |
| MetLife | Quality credit selection, with notable strength within structured assets. | 27.0% | 23.7% |
| Western Asset Management | Focus on long-term bottom-up fundamentals, with topdown macroeconomic views | 15.0% | 12.2% |
| Robeco | Global bottom-up corporate specialist. Best ideas issue selection. | 24.0% | 28.1% |
| Russell Investments | Positioning strategy targeting currency and rate factors | 20.0% | 16.2% |
| Russell Investments (cash & other) | | - | 2.7% |

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