

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 GBPH-A Acc; GBP

Dealing frequency; Cut off

Daily; 2.00pm GMT

Domicile; Category

Ireland; UCITS

Fund size

USD 740.42m

ISIN; Bloomberg

IE00B6RZP939; RUSGGHA ID

Fund launch date

24 March 2010

Share class launch date

30 September 2011

Management fee

0.55%

Share class NAV

GBP 13.19

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 negative benchmark return. Overweight exposure to both high yield and investment grade in Europe contributed positively. In the US, overweights to high yield financials and industrials was beneficial. On the other hand, in hard currency emerging market debt, underweights to investment grade in Asia and the Middle East detracted. An underweight to Spanish sovereign debt was also detrimental. In currencies, an overweight to the US dollar and an underweight to the Swiss franc were rewarded. In rates, overweights to 2-, 10- and 15-year US Treasuries and an underweight to T-Bills were ineffective. In addition, an overweight to 10-year German bunds detracted, though this was partly offset by underweights to shorter duration issues. An overweight to 12-year UK gilts was also unhelpful.

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 GBPH-A Acc	-1.0	3.0	-1.1	5.0	-3.4	0.7	2.9
Return net of management fee Class GBPH-A Acc	-1.1	2.9	-1.2	4.5	-3.9	0.1	2.3
Bloomberg Global Aggregate Credit Index (GBP Hdg) - Total Returns	-1.1	2.4	-1.2	5.7	-3.1	0.5	2.5

*Inception: 30 September 2011

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 GBPH-A Acc	7.0	-17.1	0.1	8.9	10.3
Return net of management fee Class GBPH-A Acc	6.4	-17.5	-0.5	8.3	9.6
Bloomberg Global Aggregate Credit Index (GBP Hdg) - Total Returns	7.6	-15.3	-1.1	6.8	10.0

Returns shown in GBP	31/12/18 31/12/17	31/12/17 31/12/16	31/12/16 31/12/15	31/12/15 31/12/14	31/12/14 31/12/13
Return gross of management fee Class GBPH-A Acc	-2.1	4.7	6.9	-0.5	8.0
Return net of management fee Class GBPH-A Acc	-2.7	4.0	6.2	-1.1	7.3
Bloomberg Global Aggregate Credit Index (GBP Hdg) - Total Returns	-2.1	4.2	5.3	0.2	7.8

Past performance does not predict future returns.

The current benchmark is the Bloomberg Global Aggregate Credit Index (GBP Hdg) - Total Returns. 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 GBP Hdg.

The Management Fee is 0.55%, prior to October 1st 2019 the Management Fee was 0.65%

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Global Credit Fund (continued)

Portfolio statistics

	Fund Benchmark	
Effective duration	6.5	6.0
Average maturity	10.7	8.9
Average credit rating	A	A
Yield to worst	4.6	4.7

Data as at 31 January 2024

3 years	Fund Benchmark	
Volatility	7.6	7.3
Tracking error	1.2%	-
Sharpe ratio	-0.6	-0.5
Information ratio	-0.7	-
3 year return (net)	-3.9%	-3.1%
3 year excess return (net)	-0.8%	-

Ten largest holdings by weight

Security	Fund
Bundesrepub. Deutschland 2.6 15-Aug-2033	2.1%
Us Treasury N/B 4.75 15-Nov-2053	0.6%
Us Treasury N/B 4.25 15-Feb-2054	0.6%
Asr Nederland Nv 7 07-Dec-2043	0.5%
Bundesschatzanweisungen 2.2 12-Dec-2024	0.5%
Deutsche Bank Ag 4 24-Jun-2032	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%
Volkswagen Intl Fin Nv 4.375 28-Mar-2171	0.4%

Source: State Street

Sector weights

	Fund	Benchmark
Corporates	77.6%	74.0%
Treasuries	7.8%	0.5%
EMD Hard	5.7%	10.8%
Gov-related	4.8%	14.5%
Other	2.2%	0.1%
Securitised	2.0%	0.1%
EMD Local	-	0.0%

Data as at 31 January 2024

Credit quality weights

	Fund	Benchmark
AAA & Cash	13.4%	8.5%
AA	3.4%	13.3%
A	22.5%	34.2%
BBB	54.1%	42.4%
BB	6.6%	1.6%
B	0.1%	0.0%
NR/Other	0.0%	0.0%

Data as at 31 January 2024

Market weight (ccy)

	Fund	Benchmark
USD	58.2%	64.4%
EUR	37.8%	26.4%
GBP	3.3%	4.3%
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 31 January 2024

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Global Credit Fund (continued)

ESG data

	Fund	Benchmark
ESG Score	22.9	23.0
Carbon footprint	177.5	222.2

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).

Fund structure

Manager/Strategy	Role in fund	Target	Actual
Fidelity	Global value manager focusing on high quality security selection inputs.	14.0%	16.9%
MetLife	Quality credit selection, with notable strength within structured assets.	27.0%	22.3%
Western Asset Management	Focus on long-term bottom-up fundamentals, with topdown macroeconomic views	15.0%	12.5%
Robeco	Global bottom-up corporate specialist. Best ideas issue selection.	24.0%	27.7%
Russell Investments	Positioning strategy targeting currency and rate factors	20.0%	16.6%
Russell Investments (cash & other)		-	4.0%

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