

Russell Investments

China Equity Fund



Portfolio Manager
Kathrine Husvaeg

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 A USD Acc; USD

Dealing frequency; Cut off

see Prospectus

Domicile; Category

Ireland; UCITS

Fund size

USD 47.57m

ISIN; Bloomberg

IE00BF5LKK26; RIC2EQA ID

Fund launch date

24 July 2012

Share class launch date

24 July 2012

Management fee

1.00%

Share class NAV

USD 1,568.67

Fund objective

The Fund aims to achieve long term capital growth, by investing in the shares of companies established or operating in the People's Republic of China (PRC). The Fund will invest predominantly in Chinese Companies listed on exchanges in the PRC and Hong Kong and will also include other China companies listed offshore. The Fund is actively managed with reference to the MSCI China All Shares Index (USD) - Net Returns (the "Index") and seeks to outperform by 3% over the medium to long term.

Fund update

The Fund underperformed. The benchmark made a negative start to the year despite moves by the government to support the stock market, as weak economic data and negative sentiment weighed on returns. The Fund's positioning and selection within health care (overweight), energy (underweight) and utilities (underweight) detracted. Selection within industrials was also unrewarded. However, Keywise was the standout positive performer this quarter, benefitting from strong stock selection within the information technology and consumer discretionary sectors.

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 USD Acc | 0.5 | -3.3 | -3.3 | -20.2 | -18.2 | -2.7 | 5.4 |
| Return net of management fee Class A USD Acc | 0.4 | -3.5 | -3.5 | -21.0 | -19.0 | -3.6 | 3.9 |
| MSCI China All Shares Index (USD) - Net Returns | 0.6 | -1.0 | -1.0 | -16.6 | -16.1 | -4.1 | 1.8 |

*Inception: 24 July 2012

All returns greater than 1 year are annualised

Please note that on 30th June 2017, the management fee changed from 1.75% to 1.00%

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 USD Acc | -20.2 | -8.3 | -25.2 | 60.5 | -0.6 |
| Return net of management fee Class A USD Acc | -21.0 | -9.2 | -25.9 | 59.0 | -1.5 |
| MSCI China All Shares Index (USD) - Net Returns | -16.6 | -6.4 | -24.2 | 45.8 | -6.0 |

| 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 USD Acc | -6.9 | 33.2 | 7.6 | -12.2 | 71.2 |
| Return net of management fee Class A USD Acc | -7.9 | 31.7 | 5.7 | -13.7 | 67.8 |
| MSCI China All Shares Index (USD) - Net Returns | -8.3 | 23.5 | 0.8 | -23.9 | 89.3 |

Past performance does not predict future returns.

The current benchmark is MSCI China All Shares Index (USD) - Net Returns. Prior to 15th January 2020, the benchmark was MSCI China All Series. Prior to 26th of November 2019, the benchmark was MSCI All China NR Index. Prior to the 27th of June 2017, the benchmark was China Securities 300 Index.

Performance prior to 27th of June 2017 was achieved under circumstances that no longer apply (namely, prior to a merger, the Fund operated as an Irish authorised qualifying investor alternative investment fund).

Russell Investments China Equity Fund (continued)

Portfolio statistics

| | Fund | Benchmark |
|---------------------------|------|-----------|
| Number of equity holdings | 253 | 782 |
| Price/earnings | 25.1 | 16.3 |
| Dividend yield | 1.3 | 1.6 |
| Price to book | 4.1 | 2.4 |

Data as at 29 February 2024
Source: Factset

| 3 years | Fund | Benchmark |
|----------------------------|--------|-----------|
| Volatility ratio | 22.9 | 24.7 |
| Tracking error | 5.0% | - |
| Sharpe ratio | -0.9 | -0.7 |
| Information ratio | -0.8 | - |
| 3 year return (net) | -19.0% | -16.1% |
| 3 year excess return (net) | -2.9% | - |

Ten largest holdings by weight

| Security | Fund | Benchmark |
|--|------|-----------|
| Tencent Holdings Ltd. | 5.0% | 7.7% |
| Kweichow Moutai Co Ltd | 3.4% | 2.9% |
| Sinopharm Group Co-H | 2.8% | 0.1% |
| China Merchants Bank Co., Ltd. Class H | 2.6% | 0.5% |
| Iray Technology Co Ltd-A | 2.5% | 0.0% |
| China Construction Bank Corp. Class H | 2.1% | 1.9% |
| PDD Holdings Inc ADR | 2.0% | 2.4% |
| Picc Property & Casualty Co | 1.9% | 0.3% |
| New Oriental Education & Tec | 1.9% | 0.5% |
| Alibaba Group Holding Ltd. | 1.8% | 4.9% |

Data as at 29 February 2024

Sector weights

| | Fund | Benchmark |
|------------------------|-------|-----------|
| Consumer Discretionary | 19.3% | 20.1% |
| Information Technology | 16.8% | 9.8% |
| Financials | 16.0% | 17.9% |
| Communication Services | 10.0% | 12.3% |
| Health Care | 10.0% | 6.5% |
| Industrials | 8.0% | 9.2% |
| Consumer Staples | 7.6% | 8.7% |
| Materials | 5.0% | 6.3% |
| Real Estate | 2.4% | 2.0% |
| Utilities | 2.2% | 3.4% |
| Other | 1.4% | - |
| Energy | 1.2% | 3.8% |

Data as at 29 February 2024

ESG data

| | Fund | Benchmark |
|------------------|-------|-----------|
| ESG Score | 26.7 | 28.2 |
| Carbon footprint | 159.7 | 285.1 |

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).

Russell Investments China Equity Fund (continued)

Fund structure

| Manager/Strategy | Role in fund | Target | Actual |
|------------------------------------|---|--------|--------|
| Russell Investments | Positioning strategy providing defensive, large cap value exposure across Pan China | 15.0% | 18.4% |
| BOCOM Schroders | Mid and small cap biased, growth focused China A share manager | 25.0% | 20.9% |
| Keywise Capital | Pragmatic China H share manager seeking to identify mispriced opportunities | 25.0% | 25.6% |
| Bin Yuan Capital | Pan China manager investing in quality companies trading at reasonable valuations | 35.0% | 29.6% |
| Russell Investments (cash & other) | | - | 5.6% |

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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Potential investors in Emerging markets should be aware that investment in these markets can involve a higher degree of risk.

Please remember that all investments do not typically grow at an even rate of return and may experience negative growth. As with any type of portfolio structuring, attempting to reduce risk and increase return could, at certain times, unintentionally reduce returns.

The value of the fund's assets may be affected by uncertainties such as international political developments, changes in government policies and other developments in laws and regulations. Furthermore, the legal infrastructure, accounting, auditing and reporting standards may not provide the degree of investor protection or transparency associated with investment in major securities markets.

The base currency of the fund is denominated in USD, while its investments and any income it derives from such investments are denominated primarily in RMB. RMB is not a freely convertible currency and is subject to exchange controls and restrictions. As a result, investments in the fund are exposed to foreign exchange transaction costs and fluctuations between USD and RMB. There can be no assurance that the RMB will not be subject to devaluation or revaluation.

The fund intends to invest in China A-Shares through the RQFII quota of the Manager or via the Shenzhen-Hong Kong Stock Connect and Shanghai-Hong Kong Stock Connect ("Stock Connect") and may be subject to specific risks, including but not limited to, custodial risk, settlement risk, regulatory risk and risks associated with the Manager's RQFII status. In addition, both RQFII and Stock Connect are relatively new and there may be uncertainty in implementation and such policy and rules are subject to change. All these may adversely impact the fund.

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