

Russell Investments China Equity Fund



Portfolio Manager
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Russell Investments' Global Equity Team comprises over 90 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 50.75m

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 1,924.86

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.

Fund update

The Fund outperformed in another positive month for Chinese equities. The overweight and strong selection within the consumer discretionary sector remained a key contributor to relative returns. Underweights to and positive stock selection within the materials and real estate sectors suited the market environment. Financials stock picking was also rewarded. We remain positive on the medium to long-term potential for investors to benefit from the economy's structural changes.

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	2.1	16.9	28.1	-1.8	11.3	15.4	12.0
Return net of management fee Class A USD Acc	2.0	16.6	27.7	-2.7	9.9	13.7	10.2
MSCI All China Net Index	1.2	15.0	26.4	-4.2	5.7	10.8	6.7

*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	31/03/14 31/03/15	31/03/15 31/03/16	31/03/16 31/03/17	31/03/17 31/03/18	31/03/18 31/03/19
Return gross of management fee Class A USD Acc	71.2	-12.2	7.6	33.2	-6.9
Return net of management fee Class A USD Acc	67.8	-13.7	5.7	31.7	-7.9
MSCI All China Net Index	89.3	-23.9	0.8	23.5	-8.3

Past performance is not a guide to future performance.

The current benchmark is MSCI All China Net 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).

Portfolio statistics

	Fund	Benchmark	3 years	Fund	Benchmark
Number of equity holdings	140	773	Volatility ratio	16.5	16.4
Price/earnings	24.3	18.4	Tracking error	4.7%	-
Dividend yield	1.4	1.5	Sharpe ratio	0.6	0.3
Price to book	3.7	2.5	Information ratio	0.8	-
			3 year return (net)	9.9%	5.7%
			3 year excess return (net)	4.2%	-

Data as at 31 March 2019
Source: Factset

Russell Investments China Equity Fund (continued)

Ten largest holdings by weight

Security	Fund	Benchmark
Tencent Holdings Ltd.	7.6%	8.1%
Alibaba Group Holding Ltd. (ADR)	6.7%	6.9%
Ping An Insurance (Group) Co of China Ltd	4.3%	-
Gree Electric Appliances, Inc. of Zhuhai Class A	2.9%	-
China Merchants Bank Co., Ltd. Class H	2.4%	0.6%
Industrial and Commercial Bank of China Ltd	2.2%	1.5%
Nari Technology Co., Ltd. Class A	2.2%	-
Bank of Shanghai Co., Ltd. Class A	2.0%	-
C&S Paper Co., Ltd. Class A	1.9%	-
China Yongda Automobiles Services Holdings Ltd.	1.8%	-

Source: Factset

Sector weights

	Fund	Benchmark
Consumer Discretionary	24.1%	16.4%
Financials	24.1%	26.3%
Consumer Staples	10.9%	6.7%
Information Technology	10.0%	6.4%
Communication Services	9.4%	14.3%
Industrials	9.1%	8.9%
Health Care	6.8%	4.7%
Real Estate	2.3%	5.5%
Materials	1.6%	5.1%
Energy	1.0%	3.3%
Utilities	0.7%	2.4%

Source: Factset

Fund structure

Manager/Strategy	Role in fund	Target	Actual
Russell Investments	Positioning strategy providing defensive, large cap value exposure across Pan China	15.0%	16.6%
BOCOM Schroders	Mid and small cap biased, growth focused China A share manager	30.0%	26.4%
Keywise Capital	Pragmatic China H share manager seeking to identify mispriced opportunities	20.0%	20.2%
Bin Yuan Capital	Pan China manager investing in quality companies trading at reasonable valuations	35.0%	35.9%
Russell Investments (cash & other)		-	0.8%

Russell Investments

China Equity Fund (continued)

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There are no assurances that the investment goals and objectives stated in this material will be met.

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.

Decisions to invest should be based on the fund's prospectus, ex-ante costs & charges document and key investor information document (KIID), with consideration to risk warnings. Copies available free of charge from Russell Investments.

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