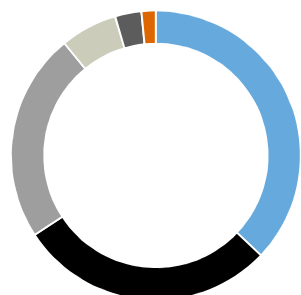


# Russell Investments Australian Bond Income Fund

## Sector allocation



Government Related	37.1%
Treasuries	28.7%
Corporates	23.3%
Cash	6.4%
Securitized	2.9%
Emerging Markets	1.6%

## Fund objective

To provide an income stream to investors over the short to medium term, before costs and tax, by providing exposure to a diversified portfolio of Australian fixed income securities. The Fund also aims to provide a total return higher than its benchmark over a three year period.

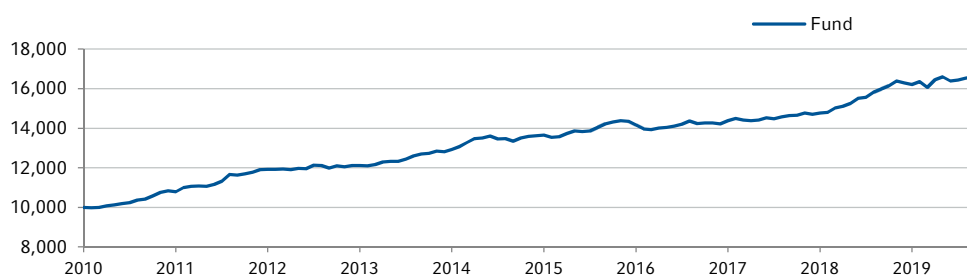
## Fund strategy

The Fund invests in Australian issued government, quasi-government and corporate fixed income securities with a focus on providing investors with an income stream. The Fund may also hold exchange traded funds to a limited extent from time to time. Derivatives may be used to a limited extent to obtain or reduce exposure to securities and may also be used to derive additional income and manage investment risk.

## Performance review<sup>1</sup>

Period ending 30/06/2020	1 month %	3 months %	1 year %	3 years %p.a.	5 years %p.a.	Since inception %p.a.
Total return	0.39	1.29	3.83	5.26	4.46	5.37

## Growth of \$10,000



## Fund facts

### Share class

Class A

### Inception date

08 October 2010

### Fund size

AUD 133.58m

### Benchmark

Bloomberg AusBond Composite 0+ Yr Index

### Portfolio manager

Clive Smith

### Recommended investment timeframe

3 years

### Tax structure

Investment - Class A

### APIR code

RIM0045AU

### ARSN code

146-413-185

### Management cost<sup>†</sup>

0.52%

### Performance-related fee<sup>‡</sup>

N/A

## Fund commentary

The Russell Investments Australian Bond Income Fund outperformed the benchmark in the June quarter.

Sector positioning drove the Fund's outperformance over the period; namely our overweight to credit. Credit markets rebounded strongly from the sharp selloff we saw in the first quarter, with spreads contracting significantly amid ongoing central bank support and improving risk sentiment generally. In contrast, security selection detracted from returns, including underweights to names such as Liberty Financial, European Investment Bank and International Finance Corporation. Duration and yield curve positioning also weighed on performance over the period, albeit modestly. The Fund was long duration versus the benchmark for much of the quarter; positioning which was impacted by rising long-term bond yields. In terms of the yield curve, we were marginally long the front end, i.e. zero to four years, and short the long end, i.e. five years plus. Given the yield curve steepened over the period, this positioning had a negative effect on returns. Moving forward, the Fund remains slightly long duration and overweight higher-quality domestic credit names. Importantly, the majority of the Fund's holdings are rated AA or better.

<sup>†</sup> For the year ending 30/6/2019 as a percentage of net assets. Includes performance-related fees. Refer to PDS for further information.

<sup>‡</sup> For the year ending 30/6/2019. May be charged if performance targets are met. Refer to PDS for further information.

## Russell Investments Australian Bond Income Fund (continued)

### Detailed performance review<sup>1,2</sup>

	1 year %p.a.	3 years %p.a.	5 years %p.a.	Since inception %p.a.
Total return	3.8	5.3	4.5	5.4
Distribution	5.0	4.4	4.1	4.5
Growth	-1.2	0.9	0.3	0.9

### Portfolio structure\*

Manager	Style	Weight %	Comment
UBS	Distribution Plus Strategy	40.0	UBS outperformed the benchmark over the quarter, benefiting largely from an overweight to credit. In contrast, a long duration exposure versus the benchmark weighed on returns.
Western Asset Management Company Pty Ltd	Distribution Oriented Strategy	60.0	Western outperformed the benchmark over the quarter, driven by an overweight to credit. Partly offsetting this was a long duration position in the first half of the period when yields rose and an overweight to the ultra-long end of the yield curve.

### Contact Russell Investments

To find out more about Russell Investments or how you can diversify your portfolio in just one transaction, you can:  
visit our website at [russellinvestments.com.au](http://russellinvestments.com.au)  
To invest in Russell Investments Retail Funds, contact your adviser today.  
For more information:  
NSW, QLD, ACT & NT : 02 9229 5111 VIC, SA, WA & TAS: 03 9270 8111

### Footnotes

1 Performance is net of fees and charges. Assumes reinvestment of income. Past performance is not a reliable indicator of future performance.  
2 The distribution return reflects income paid from the Fund, whilst the growth return reflects changes in the capital values of the units.

\*Russell Investments retains the discretion to change the investment managers at any time without notice. Please check [russellinvestments.com.au/disclosures](http://russellinvestments.com.au/disclosures) for the latest list of managers.

Allocations may not equal 100% due to rounding

### Important information

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