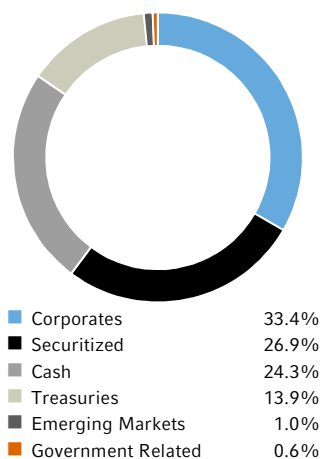


Russell Investments Australian Cash Enhanced Fund

Sector allocation



Fund objective

To provide a total return, before costs and tax, higher than the Fund's benchmark over the short to medium term by providing exposure to a diversified portfolio of predominantly Australian dollar investment grade floating rate income securities and cash / cash equivalents.

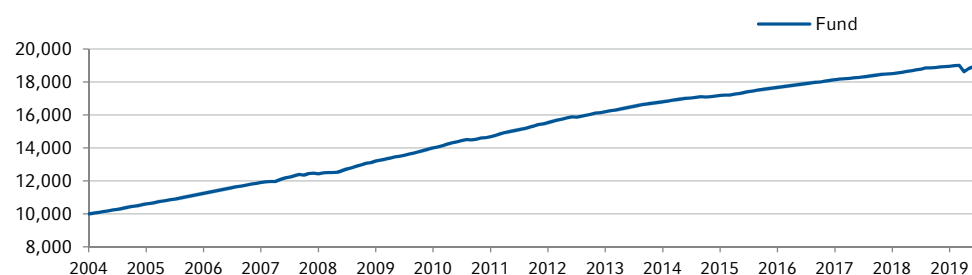
Fund strategy

The Fund invests predominantly in bank deposits, money market instruments (including but not limited to bank bills and certificates of deposit), corporate floating rate notes and asset backed and mortgage backed securities. Derivatives and fixed rate corporate debt may also be used. The Fund may be exposed to non-Australian dollar denominated cash and cash equivalent securities. Any foreign currency exposures will be largely hedged back to Australian dollars.

Performance review¹

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	0.33	2.00	1.10	1.97	2.19	4.24

Growth of \$10,000



Fund commentary

The Russell Investments Australian Cash Enhanced Fund outperformed the benchmark in the June quarter.

Much of the Fund's outperformance was driven by strong credit spread income. 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. Much of this credit spread outperformance was driven by our exposures to domestic and offshore banks, residential mortgage-backed securities (RMBS) and non-bank financials. The Fund also continued to benefit from strong running yield over the period. This strong contribution from running yield was due in part to our exposures to offshore and domestic banks and RMBS. At the sector level, the Fund's exposure to domestic banks added by far the most value; though our RMBS, offshore banks and finance exposures were also positive for the quarter. In terms of overall positioning, we increased the Fund's holdings in offshore banks over the period while reducing our exposure to domestic banks. We also modestly reduced our exposures to RMBS and asset-backed securities. The Fund's other sector exposures were more or less unchanged. The running yield at quarter end was approximately 1.00% with the spread measured at 0.88% above the benchmark.

Moving forward, the Fund retains a more defensive bias given current market uncertainty while remaining positioned to take advantage of relative value opportunities as they emerge.

Fund facts

Share class

Class A

Inception date

31 December 2004

Fund size

AUD 235.57m

Benchmark

Bloomberg AusBond Bank Bill Index

Portfolio manager

Clive Smith

Recommended investment timeframe

1 year

Tax structure

Investment - Class A

APIR code

RIM0037AU

ARSN code

111-170-300

Management cost[†]

0.39%

Performance-related fee[‡]

N/A

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

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

Russell Investments Australian Cash Enhanced Fund (continued)

Detailed performance review^{1,2}

	1 year %p.a.	3 years %p.a.	5 years %p.a.	Since inception %p.a.
Total return	1.1	2.0	2.2	4.2
Distribution	1.4	2.3	2.4	4.1
Growth	-0.3	-0.3	-0.2	0.1

Portfolio structure*

Manager	Style	Weight %	Comment
Perpetual	Cash enhanced	70.0	Please refer above for fund-related performance.
Russell Investments	Positioning strategies	30.0	Russell's positioning strategy holds the Fund's 'vanilla' cash, i.e. bank deposits, bank bills, negotiable certificates of deposit and short-dated government securities. Allocation to this strategy can move up or down depending on the prevailing market environment.

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
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 for the latest list of managers.

Allocations may not equal 100% due to rounding

Important information

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