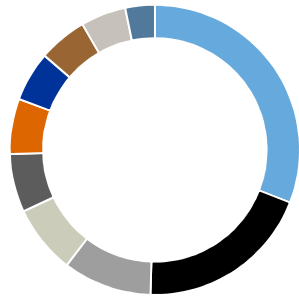


# Russell Investments Australian Opportunities Fund

## Sector allocation



Financials	30.9%
Materials	19.6%
Energy	9.9%
Industrials	7.7%
Health Care	6.5%
Consumer Discretionary	6.2%
Real Estate	5.6%
Consumer Staples	5.4%
Communication Services	5.1%
Other	3.3%

## Fund objective

To significantly outperform the Fund's benchmark, before costs and tax, over the long term by providing exposure to a diversified portfolio of predominantly Australian shares.

## Fund strategy

The Fund invests predominantly in shares and unit trusts listed or about to be listed on the Australian Securities Exchange. The Fund may also engage in short selling of securities. Derivatives may be used to obtain or reduce exposure to securities and markets, to implement investment strategies and to manage risk.

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

Period ending 31/12/2018	1 month %	3 months %	1 year %	3 years %p.a.	5 years %p.a.	Since inception %p.a.
Total return	-0.74	-9.80	-6.80	5.88	5.67	7.95

## Growth of \$10,000



## Fund facts

### Share class

Class A

### Inception date

31 May 2004

### Fund size

AUD 216.00m

### Benchmark

SGP/ASX 300 Accumulation Index

### Portfolio manager

Symon Parish

### Recommended investment timeframe

7 years

### Tax structure

Investment - Class A

### APIR code

RIM0029AU

### ARSN code

108-895-469

### Management cost<sup>†</sup>

1.22%

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

0.10%

## Fund commentary

The Russell Investments Australian Opportunities Fund underperformed the benchmark in the December quarter.

Stock selection drove the Fund's underperformance over the period, including overweight holdings in CYBG and Lendlease Group; the latter falling sharply after the company downgraded the outlook for its engineering business. Our preference for cyclical names over defensive stocks also weighed on returns; namely our overweights to the energy and materials sectors. This included our holdings in Oil Search, Origin Energy, BlueScope Steel and Alumina; all of which struggled against a backdrop of declining commodity prices. In contrast, the Fund benefited from overweight exposures to both Newcrest Mining and New Zealand telco Chorus Ltd. Newcrest gained on the back of stronger gold prices over the period, while Chorus rose as investors favoured the stock's more defensive characteristics. Meanwhile, strategic factor positioning had no material impact on overall performance during the quarter.

The Fund maintains underweight exposures to expensive defensives, such as property trusts and communication services, and remains overweight deeper value names. Relative to strategic targets, the Fund is overweight value and underweight momentum and growth.

<sup>†</sup> For the year ending 30/6/2018 as a percentage of net assets. Includes performance-related fees. Refer to PDS for further information.

<sup>‡</sup> For the year ending 30/6/2018. May be charged if performance targets are met. Refer to PDS for further information.

## Russell Investments Australian Opportunities 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	-6.8	5.9	5.7	8.0
Distribution	8.3	7.3	7.8	6.6
Growth	-15.1	-1.4	-2.1	1.3

### Top ten holdings

Security
Commonwealth Bank of Australia
BHP Group Ltd
Westpac Banking Corporation
Australia and New Zealand Banking Group Ltd
CSL Limited
National Australia Bank Limited
Woolworths Group Ltd
QBE Insurance Group Limited
Woodside Petroleum Ltd
Telstra Corporation Limited

### Portfolio structure\*

Manager	Style	Weight %	Comment
Allan Gray	Value: Contrarian (Deep Value)	12.5	Allan Gray underperformed the benchmark over the quarter, driven by overweight holdings in Origin Energy and Woodside Petroleum, as well as not holding Commonwealth Bank of Australia.
Ausbil	Style Neutral: Active Extension	15.0	Ausbil underperformed the benchmark over the quarter, hurt by overweight holdings in BlueScope Steel, Lendlease, Santos and Seven Group.
Fidelity	Growth: Aggressive	17.5	Fidelity underperformed the benchmark over the quarter, driven by overweight holdings in BlueScope Steel, Lendlease and RCR Tomlinson.
L1 Capital	Opportunistic	12.5	L1 Capital underperformed the benchmark over the quarter, driven by overweight holdings in Boral, Lendlease, CYBG and AMP. Overweights to Oil Search and Origin Energy were also negative.
Perpetual	Value: Quality (Concentrated)	17.5	Perpetual underperformed the benchmark over the quarter, hurt by overweight holdings in Oil Search, Viva Energy Group, CYBG and Premier Investments.
Russell Investments	Positioning strategies	7.5	The strategy outperformed the benchmark over the quarter, benefiting from overweight holdings in Commonwealth Bank of Australia, AGL Energy and Fortescue Metals Group.
Vinva	Style Neutral: Active Extension	17.5	Vinva underperformed the benchmark over the quarter, driven largely by their exposure to cyclical stocks within the value space.

#### 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

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