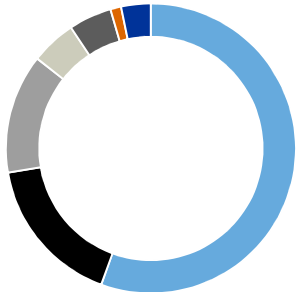


30 June 2020

Russell Investments International Bond Fund - \$A Hedged

Geographic allocation



North America	55.6%
Asia Pacific	16.7%
Euro Zone	13.3%
Non-Euro Zone	5.1%
Caribbean, South and Central America	4.8%
Middle East & Africa	1.2%
Other	3.3%

Fund objective

To provide a total return, before costs and tax, higher than the Fund's benchmark over the medium term by providing exposure to a diversified portfolio of predominantly fixed income securities denominated in foreign currencies and largely hedged into Australian dollars.

Fund strategy

The Fund invests predominantly in debt securities issued by supnationals, international governments, quasi-governments, agencies and corporates as well as structured credit securities including mortgage and asset backed securities. The Fund may also be exposed to low grade or unrated debt securities, emerging markets and currency. Derivatives may be used to obtain or reduce exposure to securities and markets, to implement investment strategies and to manage risk. Foreign currency exposures are largely hedged back to Australian dollars, apart from those foreign currency exposures which are utilised to generate excess returns from active currency management.

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	0.72	5.01	4.78	4.32	4.49	6.54

Fund facts

Share class

Class A

Inception date

31 December 1997

Fund size

AUD 355.21m

Benchmark

Bloomberg Barclays Global Aggregate Index (\$A Hedged)

Portfolio manager

Gerard Fitzpatrick

Recommended investment timeframe

3 years

Tax structure

Investment - Class A

APIR code

RIM0007AU

ARSN code

092-806-954

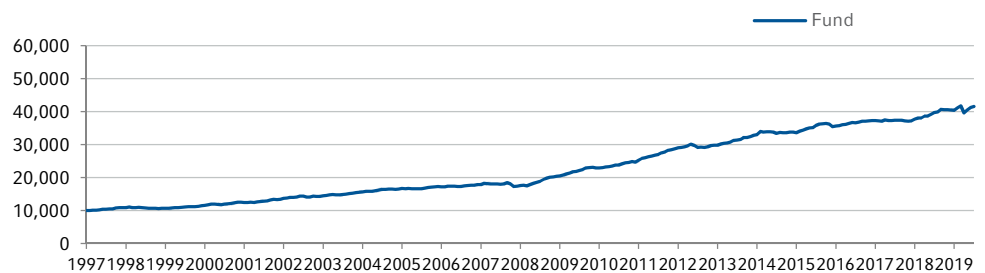
Management cost[†]

0.65%

Performance-related fee[‡]

N/A

Growth of \$10,000



Fund commentary

The Russell Investments International Bond Fund (AUD hedged) outperformed the benchmark in the June quarter.

Much of the Fund's outperformance was driven by our long-held overweight to credit, which rebounded from the sharp selloff we saw in the first quarter. In particular, the Fund benefited from its long credit derivatives exposure and overweights to both corporate high-yield debt and investment-grade financials. Our exposure to securitised assets was also positive for the quarter, while an underweight to hard currency emerging markets debt detracted from performance. Active currency and interest rates positioning also added value over the period. In the currency space, the Fund benefited from long Norwegian krone, Swedish krona and Mexican peso positions. Partly offsetting these were short Thai Baht and Swiss franc positions. In terms of interest rates, our overweights to Mexico and Italy were positive, while underweights to France, the UK and Canada weighed on overall returns. The Fund's strategic factor positioning was another source of value add over the quarter, with our credit risk premium, currency factor and rates factor strategies all contributing positively to performance. In contrast, our term risk premium strategy underperformed.

There were no material changes to either the Fund's structure or manager line up in the second quarter.

[†] 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 International Bond Fund - \$A Hedged (continued)

Detailed performance review^{1,2}

	1 year %p.a.	3 years %p.a.	5 years %p.a.	Since inception %p.a.
Total return	4.8	4.3	4.5	6.5
Distribution	10.6	4.9	5.4	6.6
Growth	-5.8	-0.6	-0.9	0.0

Portfolio structure*

Manager	Style	Weight %	Comment
BlueBay	Country & credit selection	20.0	BlueBay outperformed the benchmark over the quarter, benefiting from overweights to investment-grade financials and industrials. Overweights to corporate high-yield debt and peripheral European government bonds was also positive.
Colchester	Rates & currency - value	23.0	Interest rates and currency specialist Colchester outperformed the benchmark over the quarter. Long Swedish krona, Norwegian krone and Mexican peso positions contributed positively to performance. Overweights to Mexican, Singaporean and Brazilian government bonds also added value.
Insight	Macro / Sector rotation	20.0	Insight outperformed the benchmark over the quarter, benefiting from overweights to investment-grade financials and hard currency emerging markets debt. A long euro position and an overweight to peripheral European government bonds also added value.
Russell Investments	Positioning strategies	15.0	The strategy delivered positive absolute returns for the quarter, benefiting in part from long New Zealand dollar, Canadian dollar and British pound positions.
Schroders	Securitised specialist	10.0	Corporate credit specialist Schroders outperformed the benchmark over the quarter; the manager benefiting from its exposures to both commercial mortgage-backed securities and asset-backed securities.
Voya	Diversified alpha	12.0	Voya Investment Management outperformed the benchmark over the quarter, driven by overweights to corporate high-yield and hard currency emerging markets debt. Long New Zealand dollar and Swiss franc positions also added value.

Contact Russell Investments

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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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