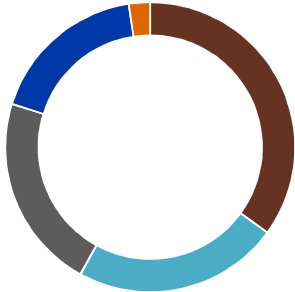


# Russell Investments Multi-Asset Growth Strategy Fund

Asset allocation as at  
30 June 2020<sup>3</sup>



|                    |       |
|--------------------|-------|
| ■ Fixed Int & Cash | 35.0% |
| ■ Alternatives     | 23.0% |
| ■ Int Shares       | 21.8% |
| ■ Aust Shares      | 17.8% |
| ■ Property         | 2.4%  |

## Fund facts

### Share class

Class A

### Performance objective as at 31 March 2020

|                |      |
|----------------|------|
| CPI +4%        |      |
| 3 Months %     | 1.33 |
| 1 Year %       | 6.19 |
| 3 Years % p.a. | 5.81 |

### Inception date

08 October 2014

### Fund size

AUD 307.69m

### APIR code

RIM0098AU

### ARSN code

163-276-864

### Management cost<sup>†</sup>

0.90%

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

N/A

## Fund objective

To provide a return (after fees and costs) of 4.0% pa above inflation over the medium to long term, with a focus on risk management.

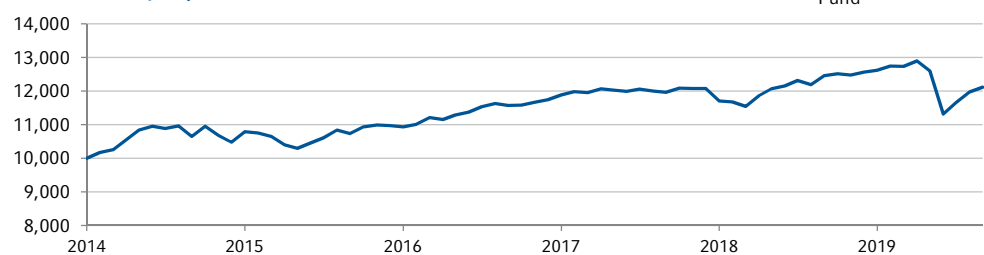
## Fund strategy

The Fund is diversified across a range of asset classes, including equities, fixed income and alternatives, with a dynamic approach to asset allocation. Derivatives may be used to implement investment strategies.

## Performance review<sup>1,2</sup>

| Period ending 30/06/2020 | 1<br>month<br>% | 3<br>months<br>% | 1<br>year<br>% | 3<br>years<br>%p.a. | 5<br>years<br>%p.a. | Since<br>inception<br>%p.a. |
|--------------------------|-----------------|------------------|----------------|---------------------|---------------------|-----------------------------|
| Total return             | 1.21            | 7.06             | -2.73          | 1.53                | 2.62                | 3.83                        |
| Distribution             | 3.53            | 4.04             | 3.67           | 2.58                | 3.52                | 4.80                        |
| Growth                   | -2.33           | 3.01             | -6.41          | -1.05               | -0.90               | -0.96                       |

## Growth of \$10,000<sup>1</sup>



## Market

Global share markets performed well in the second quarter. Much of the gains were driven by expectations economic activity would pick up amid a further loosening of coronavirus containment measures and ongoing fiscal and monetary policy support globally. With more and more countries emerging from their virus-induced lockdowns, investors bet that the worst of the pandemic had passed and that growth would likely begin to accelerate through the second half of the year. At the same time, governments and central banks continued to build on the unprecedented levels of financial aid they deployed at the height of the pandemic. Stocks also benefited from intermittent reports that a vaccine may be close and a strong rebound in oil prices. Australian shares were also stronger. Like its global counterparts, the local market's gains were driven by expectations economic activity would continue to pick up as federal and state officials rolled back more of the virus-induced restrictions that brought the economy to a near standstill in recent months. Stocks also benefited from continued central bank support and strong performances from the major miners and 'Big Four' banks.

Global bonds made reasonable gains over the period. Longer-term government bond yields were mixed for the quarter, while credit markets performed well. Australian bonds underperformed their global counterparts.

<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

## Multi-Asset Growth Strategy Fund (continued)

---

### Fund commentary

Our Australian equity portfolio contributed positively to performance, with both the Russell Investments Australian Opportunities Fund and the Vinva Australian Equitised Long-Short Fund outperforming their respective benchmarks. The Russell Investments Australian Factor Exposure Fund (RAFEF) underperformed its benchmark, though it did deliver strong absolute returns for the quarter. RAFEF was impacted by its value factor exposure, which continued to underperform growth over the period. Within our global equity portfolio, the Russell Investments Global Opportunities Fund (RGOF) performed well in absolute terms but underperformed its benchmark. A bias toward value stocks and an underweight to the US weighed on RGOF's performance. We maintain our preference for non-US equities over US equities; a view driven largely by expensive relative valuations. We also believe the post-coronavirus recovery will see corporate profits improve; a scenario that could favour cyclical and value stocks over defensive and growth names, which would be more supportive for stocks outside the US. Partly offsetting this positioning was strong stock selection amongst our specialist regional managers; notably Nissay (Japan), Oaktree Capital and RWC Partners (both emerging markets). Moving forward, we maintain a diversified equity exposure across both Australian and global markets as we expect stocks to perform well in the second half of this year; assuming of course the spread of coronavirus can be adequately contained.

The Fund's credit exposure added value over the period. Credit rebounded strongly from the sharp selloff we saw in the first quarter, with spreads narrowing amid massive central bank stimulus. In particular, the Fund benefited from its exposures to global high-yield debt and floating rate credit, with bank loans and securitised assets performing well. We now have a neutral view on high-yield and investment-grade debt. Since their levels in mid-March, credit spreads have compressed significantly and, in our view, only now adequately compensate for the likely rise in default rates following the current recession.

Within our fixed income portfolio, credit positioning also contributed to strong excess returns for both the Russell Investments Australian Bond Fund and the Russell Investments International Bond Fund – \$A Hedged. For now, we remain underweight domestic and global government bonds as we view both as too expensive.

Meanwhile, currency positioning detracted from overall fund performance in the second quarter; notably our overweight to the Japanese yen (JPY), which struggled amid improving risk sentiment. We maintain our overweight to the JPY as a defensive play. In addition, a stronger Australian dollar impacted the returns of the Fund's assets denominated in foreign currency.

Markets have rallied on hopes of an economic recovery and easing lockdown measures globally, while the cycle outlook has improved amid vast fiscal and monetary stimulus. However, the market rebound means value is no longer compelling for global equities or credit. Though markets may be vulnerable to negative headlines in the near term, in our view, the supportive cycle outlook should allow equities to continue to outperform bonds over the medium-term. The major risks to our outlook include a second wave of coronavirus infections, the US elections in November and a re-escalation of the US-China trade war.

# Russell Investments Multi-Asset Growth Strategy Fund (continued)

After researching the most effective strategies in each asset class, our team selects from the best of active management, passive and smart beta approaches. The Multi-Asset Growth Strategy Fund also includes dynamic tactical positioning, which Russell Investments can implement either through changes to the manager mix and/or through direct management of custom portfolios which are designed to address specific sector and/or country strategies.

## Asset allocation as at 30 June 2020<sup>3</sup>



|                                      |   |       |  |  |
|--------------------------------------|---|-------|--|--|
| ■                                    | Cash  | 11.7% |  |  |
| ■                                    | Russell Investments Floating Rate Fund                        | 8.7%  |  |  |
| ■                                    | Russell Investments Australian Bond Fund                      | 6.9%  |  |  |
| ■                                    | Russell Investments International Bond Fund - A\$ Hedged      | 4.0%  |  |  |
| ■                                    | Metrics Credit Partners                                       | 3.6%  |  |  |
| ■                                    | Perpetual High Grade Treasury Fund                            | 0.2%  |  |  |
| ■                                    | Russell Investments Global Bond Fund AUD Hedged               | 0.0%  |  |  |
| <b>Fixed Interest and Cash 35.0%</b> |   |       |  |  |
| ■                                    | Russell Investments Global High Yield Fund                    | 7.2%  |  |  |
| ■                                    | Russell Investments Emerging Markets Debt Local Currency Fund | 7.1%  |  |  |
| ■                                    | Russell Investments Global Listed Infrastructure Fund         | 4.1%  |  |  |
| ■                                    | Amundi Absolute Volatility World Equities Fund                | 2.5%  |  |  |
| ■                                    | Commodities Futures   | 2.0%  |  |  |
| <b>Alternatives 23.0%</b>            |   |       |  |  |
| ■                                    | Russell Investments Global Opportunities Fund - A\$ Hedged    | 17.4% |  |  |
| ■                                    | Russell Investments Global Opportunities Fund                 | 10.3% |  |  |
| ■                                    | Vinva Asia Pacific Long Short Fund                            | 2.4%  |  |  |
| ■                                    | Russell Investments Emerging Markets Fund                     | 0.0%  |  |  |
| ■                                    | International Shares - Derivatives                            | -8.3% |  |  |
| <b>International Shares 21.8%</b>    |   |       |  |  |
| ■                                    | Vinva Australian Equitised Long-Short Fund                    | 7.8%  |  |  |
| ■                                    | Russell Investments Australian Factor Exposure Fund           | 6.7%  |  |  |
| ■                                    | Russell Investments Australian Opportunities Fund             | 5.0%  |  |  |
| ■                                    | Australian Shares - Derivatives                               | -1.7% |  |  |
| <b>Australian Shares 17.8%</b>       |   |       |  |  |
| ■                                    | Russell Investments International Property Securities Fund    | 2.4%  |  |  |
| <b>Property 2.4%</b>                 |   |       |  |  |

# Russell Investments

## Multi-Asset Growth Strategy Fund (continued)

### Portfolio structure

The table below shows a selection of MAGS current strategies and highlights some of the MAGS managers.

| ABSOLUTE RETURN             | FIXED INCOME                     |   | EQUITIES            |                      |                      | REAL ASSETS           |
|-----------------------------|----------------------------------|---|---------------------|----------------------|----------------------|-----------------------|
| Cash                        | Australian & International Bonds | High Yield, EMD, & Floating Rate Credit | Australian Equities | Global Equities      | Long / Short Manager | Commodities           |
| Cash-Benchmarked Strategies |                                  |   |                     |                      |                      |                       |
| Perpetual                   | AMP Capital                      | Barings                                 | Vinva               | Fiera                | Vinva (Asia Pac)     | Russell Investments   |
| Bank Loans                  | UBS<br>Western Asset             | Hermes<br>Babson                        | Russell Investments | J O Hambro<br>Nissay |                      | Listed Infrastructure |
| Metrics Credit              | BlueBay                          | Colchester                              |                     | Numeric              |                      | Cohen & Steers        |
|                             | Colchester                       | GLG Partners                            |                     | Oaktree              |                      | Colonial First State  |
|                             | Insight                          | First Eagle                             |                     | RWC                  |                      | Nuveen                |
| Volatility Strategies       | Schroders                        | ICG                                     |                     | Sanders              |                      | Russell Investments   |
|                             | Voya                             | TwentyFour                              |                     | Wellington           |                      | Listed Property       |
|                             | Russell Investments              | Voya                                    |                     | Russell Investments  |                      |                       |
| Amundi                      |                                  | Russell Investments                     |                     |                      |                      | Cohen & Steers        |
| Russell Investments         |                                  |   |                     |                      |                      | RREEF                 |
|                             |                                  |   |                     |                      |                      | Russell Investments   |

The managers above do not represent an exhaustive list of the managers and strategies in the fund. Source: Russell Investments. Data as at 30 June 2020.

#### 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

<sup>1</sup> Performance is net of fees and charges. Assumes reinvestment of income. Past performance is not a reliable indicator of future performance.

<sup>2</sup> The distribution return reflects income paid from the Fund, whilst the growth return reflects changes in the capital values of the units.

<sup>3</sup> Allocations may not equal 100% due to rounding.

\*In order to manage a fund/portfolio to its investment objectives, Russell Investments retains the discretion to change the underlying investments at any time, without notice to investors. Please refer to the relevant Product Disclosure Statement for more information.

#### Important information

Issued by Russell Investment Management Ltd ABN 53 068 338 974, AFS Licence 247185 (RIM). This document provides general information for wholesale investors only and has not prepared having regard to your objectives, financial situation or needs. Before making an investment decision, you need to consider whether this information is appropriate to your objectives, financial situation or needs. This information has been compiled from sources considered to be reliable, but is not guaranteed. The performance data shown does not take into account fees, charges and taxes, and is not a reliable indicator of the net return to you as an investor. Past performance is not a reliable indicator of future performance. Any potential investor should consider the latest PDS in deciding whether to acquire, or to continue to hold, an investment in any Russell Investments product. The PDS can be obtained by visiting [russellinvestments.com.au](http://russellinvestments.com.au) or by phoning (02) 9229 5111. RIM and TRM are part of Russell Investments. Russell Investments or its associates, officers or employees may have interests in the financial products referred to in this information by acting in various roles including broker or adviser, and may receive fees, brokerage or commissions for acting in these capacities. In addition, Russell Investments or its associates, officers or employees may buy or sell the financial products as principal or agent. The Russell Indexes mentioned in this document are trademarks of Frank Russell Company. Frank Russell Company is the owner of the Russell trademarks and all trademark rights related to the Russell trademarks, which the members of the Russell Investments group of companies are permitted to use under license from Frank Russell Company. The members of the Russell Investments group of companies are not affiliated in any manner with Russell or any entity operating under the 'FTSE Russell' brand. Copyright © 2020 RIM. All rights reserved. This material is proprietary and may not be reproduced, transferred, or distributed in any form without prior written permission from RIM.