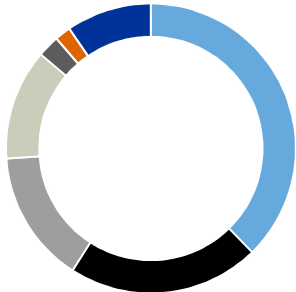


31 March 2021

# Russell Investments International Bond Fund - \$A Hedged

## Geographic allocation



North America	37.7%
Euro Zone	21.4%
Asia Pacific	14.8%
Non-Euro Zone	12.4%
Caribbean, South and Central America	2.4%
Middle East & Africa	1.8%
Other	9.5%

## 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 review<sup>1</sup>

Period ending 31/03/2021	1 month %	3 months %	1 year %	3 years %p.a.	5 years %p.a.	Since inception %p.a.
Total return	-0.40	-2.93	4.81	3.44	3.58	6.31

## Fund facts

### Share class

Class A

### Inception date

31 December 1997

### Fund size

AUD 393.00m

### 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

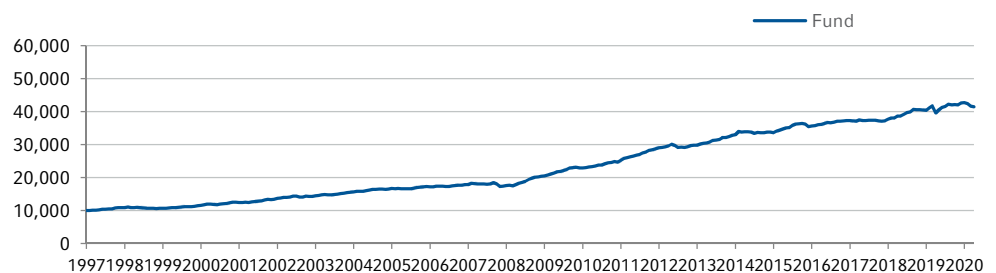
### Management cost<sup>†</sup>

0.65%

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

N/A

## Growth of \$10,000



## Fund commentary

The Russell Investments International Bond Fund (AUD hedged) underperformed the benchmark in the March quarter. Interest rates positioning detracted from performance over the period. Whilst underweights to the US and the UK added value, this was overshadowed by an overweight to Australia. In contrast, the Fund benefited from active currency positioning, including a long US dollar position and short Swiss franc and Swedish krona exposures. Partly offsetting this was a short Chinese renminbi position. Credit positioning also added value. This included overweights to US non-agency commercial mortgage-backed securities and hard currency emerging markets debt; notably European and Middle Eastern emerging markets. However, our overweight to Latin American hard currency emerging markets debt detracted slightly from returns. During the quarter, we removed Voya, Colchester and Insight from the Fund's manager line up and replaced them with Western Asset Management and Russell Investments' Intelligent Credit strategy. We made these changes as we believe that by creating more separation between strategic factor biases and pure manager alpha, we can focus the Fund's exposures on those factors and areas of the market with the greatest potential to add value over the longer term. Strategic factor exposures will be implemented through Russell Investments' positioning strategies, while manager alpha will be harnessed through specialist active managers with more targeted investment mandates.

<sup>†</sup> For the year ending 30/6/2020 as a percentage of net assets. Includes performance-related fees. Refer to PDS for further information.  
<sup>‡</sup> For the year ending 30/6/2020. 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<sup>1,2</sup>

	1 year %p.a.	3 years %p.a.	5 years %p.a.	Since inception %p.a.
Total return	4.8	3.4	3.6	6.3
Distribution	10.4	4.6	5.3	6.4
Growth	-5.6	-1.2	-1.7	0.0

## Portfolio structure\*

Manager	Style	Weight %	Comment
BlueBay	Country selection	26.0	BlueBay outperformed the benchmark over the quarter, benefiting from an underweight to US Treasuries and overweights to Middle Eastern and European hard currency emerging markets debt. In contrast, active currency positioning weighed on returns; notably long Japanese yen and Brazilian real positions.
Russell Investments	Integrated Governments strategy	33.0	The Russell Investments Intelligent Credit strategy and the Russell Investments Integrated Governments strategy were added to the Fund's manager line up in February. The strategies have yet to complete a full quarter of performance.
Schroders	Securitised specialist	13.0	Corporate credit specialist Schroders outperformed the benchmark over the quarter; the manager benefiting from their exposures to US securitised assets.
Western Asset Management	Security selection	28.0	Western Asset Management was added to the Fund's manager line up in February. The manager has yet to complete a full quarter of performance.

### 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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