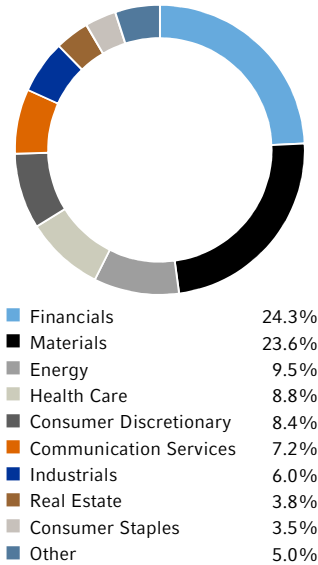


Russell Investments Australian Opportunities Fund

Sector allocation



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 review¹

Period ending 30/06/2021	1 month %	3 months %	1 year %	3 years %p.a.	5 years %p.a.	Since inception %p.a.
Total return	1.25	5.58	27.73	7.01	9.72	8.65

Growth of \$10,000



Fund facts

Share class

Class A

Inception date

31 May 2004

Fund size

AUD 496.00m

Benchmark

S&P/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[†]

1.20%

Performance-related fee[‡]

0.08%

Fund commentary

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

Contributing to the Fund's underperformance was our pro-cyclical tilt as investors tended to favour quality and growth names over more cyclical, cheaper value stocks. This was a partial reversal of the trend we saw through much of the previous two quarters and was driven largely by macroeconomic news flow rather than any company-specific factors. In particular, the Fund was impacted by our cyclical positioning within the materials sector, including overweights to Incitec Pivot and Nufarm. Stock selection within the financials space also detracted from returns; notably a sizable underweight to CBA and overweights to Challenger and AMP. Returns were further impacted by a material overweight to the poor-performing energy sector, including names like Oil Search and Woodside Petroleum. In contrast, the Fund benefited from positive stock selection within the growth part of the market, including overweights to Aristocrat Leisure and Reece Ltd. Stock selection within the healthcare space also added value; notably an ex-benchmark holding in ResMed. Other key holdings to add value were underweights to APA Group and Sydney Airport. There were no material changes to the Fund's overall positioning during the quarter. We continue to favour cyclical exposures across both value and growth (with a preference for the former) and remain underweight quality and low-volatility stocks.

[†] For the year ending 30/6/2020 as a percentage of net assets. Includes performance-related fees. Refer to PDS for further information.

[‡] For the year ending 30/6/2020. May be charged if performance targets are met. Refer to PDS for further information.

Russell Investments Australian Opportunities 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	27.7	7.0	9.7	8.7
Distribution	7.4	5.5	7.0	6.6
Growth	20.4	1.5	2.7	2.1

ESG data

	Fund	Benchmark
ESG Risk Score**	24.96	23.76
Carbon Footprint***	281.60	205.36
Tobacco Exposure	0.00%	0.00%

** Higher scores imply higher ESG risk

*** Higher score implies greater carbon exposure

The ESG Risk Score is the weighted average of the Sustainalytics' Risk Score for companies in the portfolio. The Sustainalytics' Risk Score focuses on ESG issues that are financially material to the company and incorporates both risk exposure and issue management. The scores range from 0 to 100 where higher scores imply higher ESG risk. The carbon footprint is the weighted average carbon intensity of the Scope 1 (direct) and Scope 2 (electricity consumption) carbon emissions of companies in the portfolio, measured in metric tons of carbon dioxide equivalent (CO₂-e) divided by company revenue (USD). Tobacco exposure is defined as the weight of securities in the portfolio classified as being in the GICS tobacco subindustry.

Top ten holdings

Security
CSL LTD
COMMONWEALTH BANK OF AUSTRAL
BHP GROUP LTD
NATIONAL AUSTRALIA BANK LTD
NEWCREST MINING LTD
AUST AND NZ BANKING GROUP
QBE INSURANCE GROUP LTD
TELSTRA CORP LTD
WESTPAC BANKING CORP
OIL SEARCH LTD

Russell Investments Australian Opportunities Fund (continued)

Portfolio structure*

Manager	Style	Weight %	Comment
Allan Gray	Deep Value	15.0	Allan Gray underperformed the benchmark over the quarter, driven by overweights to Woodside Petroleum, Incitec Pivot and Alumina. A material underweight to CBA also weighed on returns.
Ausbil Investment Management	Style Neutral, 130/30	15.0	Ausbil narrowly underperformed the benchmark over the quarter, hurt in part by overweights to Northern Star Resources and Qantas. An underweight to Reece Ltd. also weighed on returns.
Firetrail Investments	Opportunistic, high conviction	15.0	Firetrail underperformed the benchmark over the quarter, driven by overweights to Qantas, Oil Search and Lendlease Group. Not holding CBA also weighed on returns.
L1 Capital	Opportunistic, high conviction	7.5	L1 Capital underperformed the benchmark over the quarter, driven by overweights to Perenti Global, Oil Search and New Zealand's Chorus Ltd. Not holding CBA also weighed on returns.
Liquidity Reserve	Cash	3.0	The Fund's liquidity reserve comprises cash awaiting investment or held to meet redemption requests or to pay expenses. The Fund typically exposes all or a portion of its cash to the performance of appropriate markets by purchasing equity securities and/or derivatives. Any remaining cash is invested in an unregistered cash management fund advised by Russell Investment Management Ltd.
Platypus Asset Management	Aggressive growth	17.5	Platypus outperformed the benchmark over the quarter, benefiting from overweights to Reece Ltd., Aristocrat Leisure and REA Group. An ex-benchmark holding in ResMed also added value.
Russell Investments	Positioning strategies	9.5	The strategy underperformed the benchmark over the quarter, hurt in part by overweights to Incitec Pivot, Beach Energy and Challenger. Underweights to Aristocrat Leisure and Afterpay also weighed on returns.
Vinva	Quantitative, 130/30	17.5	Vinva outperformed the benchmark over the quarter, benefiting in part from overweights to Mineral Resources and Aristocrat Leisure. Short positions in Alumina and Webjet also added value.

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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