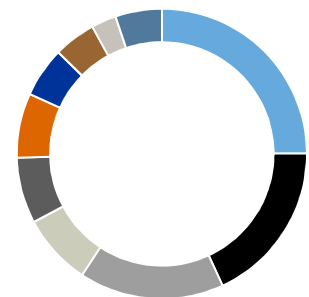


Russell Investments Australian Opportunities Fund

Sector allocation³



Materials	25.0%
Financials	18.2%
Health Care	16.2%
Energy	7.9%
Consumer Discretionary	7.4%
Real Estate	7.2%
Industrials	5.6%
Communication Services	4.7%
Utilities	2.8%
Other	5.2%

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 31/12/2022	1 month %	3 months %	1 year %	3 years %p.a.	5 years %p.a.	Since inception %p.a.
Total return	-3.25	7.75	-3.68	3.56	4.75	7.93

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

Growth of \$10,000



Fund facts

Share class

Class A

Inception date

31 May 2004

Fund size

AUD 234.12m

Benchmark

S&P/ASX 300 Accumulation Index

Portfolio manager

Andrew Zenonos and Symon Parish

Recommended investment timeframe

7 years

Tax structure

Investment - Class A

APIR code

RIM0029AU

ARSN code

108-895-469

Management fees and costs[†]

1.11%

Performance fees[‡]

0.13%

Fund commentary

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

Contributing to the Fund's underperformance was poor stock selection within the materials space, including underweights to BHP Group, Fortescue Metals Group and Rio Tinto; all of which posted double-digit gains for the quarter. Stock selection amongst property trusts also weighed on returns; notably an overweight to Lendlease and an underweight to Scentre Group. Performance was further impacted by stock selection within the energy sector, including an overweight to Santos, which significantly underperformed the broader market over the period. Other key holdings to impact returns were overweights to ResMed and embattled casino operator Star Entertainment. In contrast, the Fund benefited from stock selection within financials; notably an overweight to Virgin Money UK, which jumped almost 57% in the wake of soaring profits. Stock selection within utilities also added value, including an overweight to Origin Energy, which rallied after Canada's Brookfield Asset Management and US private equity firm MidOcean Energy made a surprise \$18.4 billion bid for the company. Other key holdings to add value were overweights to Newcrest Mining, QBE Insurance and Qantas. In terms of factor performance, our value bias contributed positively to overall performance while our quality growth exposure proved to be a headwind.

We prefer more balanced exposures across both value and growth and have reduced our underweight positioning in low-volatility stocks. We recently reduced our overweight to value and added to our quality growth exposure.

³ Allocations may not equal 100% due to rounding.

[†] As a percentage of net assets. Includes management fee, indirect costs and expense recoveries. Reflects RIM's reasonable estimates of the typical fees for the current financial year. All costs reflect the actual amount incurred for previous financial year and may include RIM's reasonable estimates where information was not available or where RIM was unable to determine the exact amount. Refer to the PDS for further information.

[‡] As a percentage of net assets. RIM does not charge a performance fee at the Fund level, however underlying funds and managers may charge a performance fee. This estimated fee is based on the average of actual performance fees incurred over the past 5 financial years. 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	-3.7	3.6	4.7	7.9
Distribution	9.9	6.4	7.1	6.7
Growth	-13.6	-2.8	-2.4	1.3

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.

ESG data

	Fund	Benchmark
ESG Risk Score**	24.37	23.51
Carbon Footprint***	314.83	240.31
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
BHP GROUP LTD
CSL LTD
COMMONWEALTH BANK OF AUSTRALIA
SANTOS LTD
QBE INSURANCE GROUP LTD
NEWCREST MINING LTD
WOODSIDE ENERGY GROUP LTD
GOODMAN GROUP
RESMED INC-CDI
NATIONAL AUSTRALIA BANK LTD

Russell Investments Australian Opportunities Fund (continued)

Portfolio structure⁴

Manager	Style	Weight	Comment
Allan Gray	Deep Value	12.5	Allan Gray outperformed the benchmark over the quarter, benefiting from overweights to Virgin Money UK, gold miner Newcrest Mining and Alumina.
Ausbil Investment Management	Style Neutral, 130/30	15.0	Ausbil outperformed the benchmark over the quarter, benefiting in part from overweights to BHP Group and Suncorp Group. An underweight to Pilbara Minerals also added value.
Firetrail Investments	Opportunistic, high conviction	14.0	Firetrail narrowly outperformed the benchmark over the period, benefiting from overweights to Virgin Money UK, Origin Energy and gold miner Newcrest Mining. An overweight to Qantas also added value.
L1 Capital	Opportunistic, high conviction	9.0	L1 Capital's Australian Equities strategy outperformed the benchmark over the quarter, driven in part by overweights to takeover target Origin Energy, Rio Tinto and Qantas.
L1 Capital (Catalyst)	Concentrated, activist	2.5	L1 Capital's Catalyst strategy narrowly underperformed the benchmark over the period, driven by overweights to Star Entertainment Group and James Hardie Industries.
Platypus Asset Management	Aggressive growth	17.5	Platypus underperformed the benchmark over the quarter, driven by overweights to ResMed and Aristocrat Leisure. An overweight to WiseTech Global also weighed on returns.
Russell Investments	Liquidity Reserve	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.
Russell Investments	Positioning strategies	9.5	The strategy underperformed the benchmark over the quarter, hurt in part by overweights to Orora and Medibank Private. An underweight to Fortescue Metals Group also weighed on returns.
Vinva	Quantitative, 130/30	17.0	Vinva outperformed the benchmark over the quarter, driven largely by strong stock selection amongst cyclical stocks.

⁴ 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.

Contact Russell Investments

To find out more about Russell Investments or how you can diversify your portfolio in just one transaction, you can:

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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

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