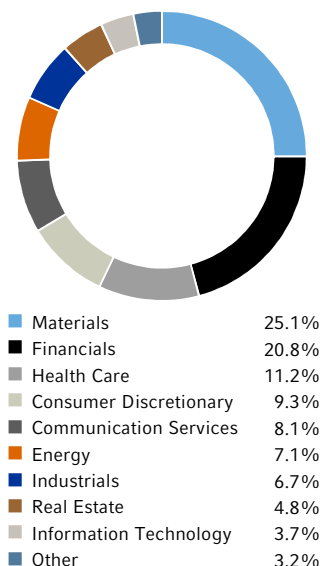


# Russell Investments Australian Opportunities Fund

## 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 review<sup>1</sup>

Period ending 31/12/2021	1 month %	3 months %	1 year %	3 years %p.a.	5 years %p.a.	Since inception %p.a.
Total return	3.05	1.97	15.22	12.00	8.35	8.63

## Growth of \$10,000



## Fund facts

### Share class

Class A

### Inception date

31 May 2004

### Fund size

AUD 463.00m

### 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<sup>†</sup>

1.11%

### Performance fees<sup>‡</sup>

0.23%

## Fund commentary

The Russell Investments Australian Opportunities Fund performed in line with the benchmark in the December quarter.

Contributing positively to fund performance was our material underweight to banks, including Westpac Banking Corp. and Commonwealth Bank of Australia; both of which significantly underperformed the broader market. Stock selection within the information technology space also added value over the period; notably an underweight to buy now, pay later platform Afterpay. Other notable holdings to add value were overweights to Lynas Rare Earths and Sims Ltd., and a short Domino's Pizza position. In contrast, poor stock selection within the materials space detracted from overall performance, including underweights to iron ore majors Fortescue Metals Group and BHP Billiton. Both stocks posted double-digit gains for the quarter. An underweight exposure to property trusts also weighed on returns; notably underweights to strong-performing names like Charter Hall Group and Goodman Group. Performance was further impacted by a sizable overweight to the energy sector. This included overweights to Oil Search, Santos and Woodside Petroleum; all of which traded sharply lower over the period.

During the quarter, we broadened the investment mandate of boutique fund manager L1 Capital to include the L1 Capital Catalyst strategy. Moving forward, 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.

<sup>†</sup> 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.

<sup>‡</sup> 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<sup>1,2</sup>

	1 year %p.a.	3 years %p.a.	5 years %p.a.	Since inception %p.a.
Total return	15.2	12.0	8.4	8.6
Distribution	7.1	5.5	6.6	6.4
Growth	8.2	6.5	1.7	2.2

### ESG data

	Fund	Benchmark
ESG Risk Score**	24.52	23.20
Carbon Footprint***	340.02	214.43
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 (CO<sub>2</sub>-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 AUSTRALIA
QBE INSURANCE GROUP LTD
NATIONAL AUSTRALIA BANK LTD
SANTOS LTD
NEWCREST MINING LTD
BHP GROUP LTD
MACQUARIE GROUP LTD
RESMED INC-CDI
TELSTRA CORP LTD

## Russell Investments Australian Opportunities Fund (continued)

### Portfolio structure\*

Manager	Style	Weight %	Comment
Allan Gray	Deep Value	12.5	Allan Gray underperformed the benchmark over the quarter, driven in part by overweights to Alumina, Woodside Petroleum and Virgin Money UK. An underweight to BHP Billiton also weighed on returns.
Ausbil Investment Management	Style Neutral, 130/30	15.0	Ausbil outperformed the benchmark over the quarter, benefiting from underweights to Afterpay, Westpac Banking Corp. and Magellan Financial Group. An overweight to Lynas Rare Earths also added value.
Firetrail Investments	Opportunistic, high conviction	14.0	Firetrail outperformed the benchmark over the quarter, driven by overweights to Lynas Rare Earths, OZ Minerals and Crown Resorts.
L1 Capital	Opportunistic, high conviction	9.0	L1 Capital's Australian Equities strategy underperformed the benchmark over the quarter, driven by overweights to Qantas, Star Entertainment Group and Webjet.
L1 Capital (Catalyst)	Concentrated, activist	2.5	L1 Capital's Catalyst strategy was added to the Fund's manager line up in November. The strategy has yet to complete a full quarter of performance.
Platypus Asset Management	Aggressive growth	17.5	Platypus outperformed the benchmark over the quarter, driven by overweights to Reece Ltd., Goodman Group and Mineral Resources.
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 Westpac Banking Corp., TPG Telecom and Bank of Queensland. An underweight to Goodman Group also weighed on returns.
Vinva	Quantitative, 130/30	17.0	Vinva outperformed the benchmark over the quarter, benefiting from an overweight to Fortescue Metals Group and underweights to Magellan Financial Group and CSL Ltd.

### 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

### Important information

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