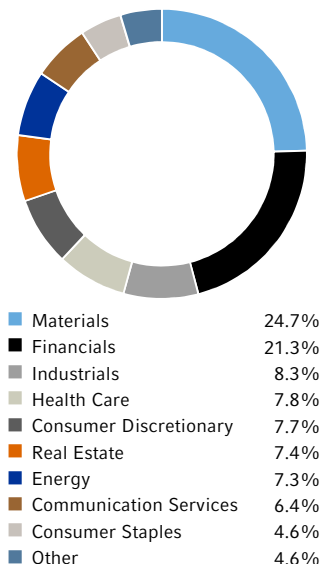


# Russell Investments Australian Opportunities Fund

## 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 31/12/2020	1 month %	3 months %	1 year %	3 years %p.a.	5 years %p.a.	Since inception %p.a.
Total return	1.03	15.29	0.07	4.35	7.67	8.25

## Growth of \$10,000



## Fund facts

### Share class

Class A

### Inception date

31 May 2004

### Fund size

AUD 276.33m

### 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<sup>†</sup>

1.20%

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

0.08%

## Fund commentary

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

Contributing to the Fund's outperformance was our pro-cyclical bias, including an overweight to the energy sector and underweights to healthcare, utilities and consumer staples. The Fund's value tilt was also positive as investors rotated out of expensive growth names in favour of value stocks amid encouraging vaccine developments. Specifically, the Fund benefited from overweights to Sims Ltd., Oil Search and Virgin Money UK. Our growth exposure added further value over the period, as did our underweights to defensive names like Transurban Group and CSL Ltd. Other notable positions to add value were overweights to Alumina, Xero and national carrier, Qantas. In contrast, several stock-specific positions detracted from performance, including an overweight to Newcrest Mining and an underweight to Fortescue Metals Group. Our underweight to banks also weighed on returns, including a material underweight to Commonwealth Bank of Australia; though this was partly offset by positive stock selection within the sector.

We continue to favour cyclical exposures across both value and growth (with a preference for the former). Toward the end of the period, we added to the Fund's cyclical positioning by reducing our exposure to expensive growth names in favour of value stocks. We also remain underweight momentum and low-volatility names.

<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 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	0.1	4.3	7.7	8.2
Distribution	1.9	6.1	6.3	6.4
Growth	-1.8	-1.7	1.4	1.8

### ESG data

	Fund	Benchmark
ESG Risk Score**	24.47	24.06
Carbon Footprint***	276.69	208.83
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 Limited
National Australia Bank Limited
Commonwealth Bank of Australia
BHP Group Ltd
Newcrest Mining Limited
Australia and New Zealand Banking Group Ltd
Oil Search Limited
Westpac Banking Corporation
Goodman Group
Qantas Airways Limited

## Russell Investments Australian Opportunities Fund (continued)

### Portfolio structure\*

Manager	Style	Weight %	Comment
Allan Gray	Deep Value	15.0	Allan Gray outperformed the benchmark over the quarter, driven by overweights to Sims Ltd., Alumina and Oil Search. Underweights to CSL Ltd., Transurban and ASX Ltd. also added value.
Ausbil Investment Management	Style Neutral, 130/30	15.0	Ausbil outperformed the benchmark over the quarter, benefiting from overweights to Lynas Rare Earths, BlueScope Steel and National Australia Bank. A short Cochlear Ltd. position also added value.
Firetrail Investments	Opportunistic, high conviction	15.0	Firetrail outperformed the benchmark over the quarter, benefiting from sizable overweights to Virgin Money UK and Lynas Rare Earths. A zero exposure to market heavyweight CSL Ltd. also added value.
L1 Capital	Opportunistic, high conviction	7.5	L1 Capital outperformed the benchmark over the quarter, benefiting from overweights to Oil Search, Scentre Group and Mineral Resources. An underweight to CSL Ltd. also added value.
Platypus Asset Management	Aggressive growth	17.5	Platypus underperformed the benchmark over the quarter, driven by a sizable underweight to financials, an overweight to healthcare and poor stock selection within the materials and consumer discretionary sectors.
Russell Investments	Positioning strategies	12.5	The strategy underperformed the benchmark over the quarter, hurt in part by an overweight to Goodman Group. Underweights to National Australia Bank, ANZ Bank and Commonwealth Bank of Australia also weighed on returns.
Vinva	Quantitative, 130/30	17.5	Vinva underperformed the benchmark over the quarter, hurt in part by a short positions in Pilbara Minerals, Polynovo Ltd. and Lynas Rare Earths. Overweights to Regis Resources and Aurizon also weighed on returns.

### 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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