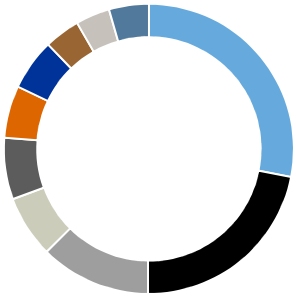
Russell Investments

Russell Investments Australian Shares Fund

Sector allocation[3]



Financials	28.1%
Materials	22.0%
Health Care	12.4%
Consumer Discretionary	6.9%
Energy	6.9%
Industrials	5.8%
Real Estate	5.7%
Communication Services	4.0%
Information Technology	3.8%
Other	4.4%

Fund facts

Share class

Class A

Inception date

31 December 1997

Fund size

AUD 155.82m

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

RIM0006AU

ARSN code

092-807-728

Management fees and costs†

0.85%

Performance fees‡

N/A

Fund objective

To provide a total return, before costs and tax, higher than the Fund's benchmark over the long term by providing exposure to a diversified portfolio of predominantly Australian shares.

Fund strategy

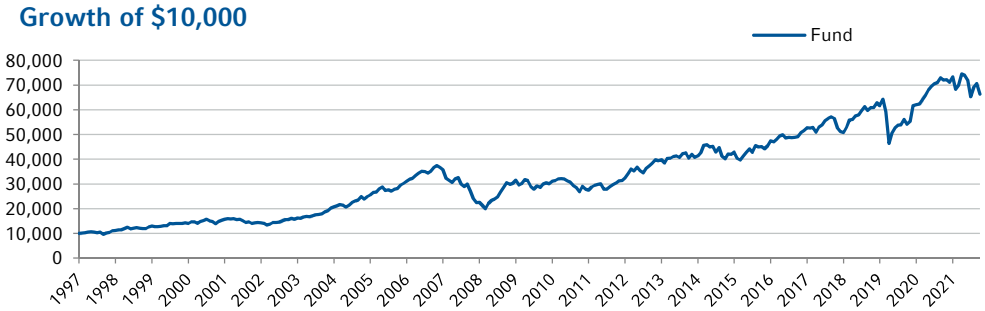
The Fund invests predominantly in shares and unit trusts listed or about to be listed on the Australian Securities Exchange. Derivatives may be used to obtain or reduce exposure to securities and markets, to implement investment strategies and to manage risk.

Performance review[1]

Period ending 30/09/2022	1 month %	3 months %	1 year %	3 years %p.a.	5 years %p.a.	Since inception %p.a.
Total return	-6.07	1.48	-7.95	2.84	6.20	7.94

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 commentary

The Russell Investments Australian Shares Fund significantly outperformed the benchmark in the September quarter.

Stock selection within the materials space contributed positively to performance over the period. This included an overweight to OZ Minerals, which climbed almost 46% on the back of an $8.3 billion takeover offer from mining heavyweight BHP Group. [Note: OZ Minerals' board rejected the offer on the basis that it significantly undervalued the company.] Stock selection within industrials also added value; notably underweights to Transurban Group and Atlas Arteria. Both stocks recorded steep declines for the quarter. The Fund's exposure to several quality growth names added further value over the period, including overweights to ResMed and IDP Education. Other key holdings to contribute positively to returns were overweights to Allkem and IGO Ltd. and an overweight to Whitehaven Coal, which hit a series of record highs as Europe sought alternative energy supplies. In contrast, stock selection within financials detracted from overall performance, including overweights to QBE Insurance and Suncorp Group. Stock selection amongst property trusts also weighed on returns; notably an overweight to industrial property giant Goodman Group. Property trusts were generally weaker in the face of sharply higher bond yields.

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 Shares 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	-8.0	2.8	6.2	7.9
Distribution	3.6	3.6	3.7	5.7
Growth	-11.6	-0.8	2.5	2.2

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**	23.74	23.33
Carbon Footprint***	244.02	217.12
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
NATIONAL AUSTRALIA BANK LTD
COMMONWEALTH BANK OF AUSTRALIA
AUST AND NZ BANKING GROUP
MACQUARIE GROUP LTD
WESTPAC BANKING CORP
WOODSIDE ENERGY GROUP LTD
ARISTOCRAT LEISURE LTD
GOODMAN GROUP

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Russell Investments Australian Shares Fund (continued)

Portfolio structure[4]

Manager	Style	Weight %	Comment
Ausbil	Core, earnings revisions focus	23.0	Ausbil outperformed the benchmark over the quarter, benefiting from overweights to OZ Minerals, IGO Ltd. and Allkem. An underweight to BHP Group also added value.
DFA	Deep value small cap	14.0	DFA outperformed the benchmark over the quarter, benefiting from overweights to Whitehaven Coal, New Hope and Woodside Energy Group. An underweight to Rio Tinto also added value.
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.
Numeric Investors	Quantitative	20.0	Numeric outperformed the benchmark over the quarter, benefiting in part from overweights to Mineral Resources, Whitehaven Coal and Australia and New Zealand Banking Group.
Platypus	Aggressive growth	20.0	Platypus outperformed the benchmark over the quarter, benefiting from overweights to Oz Minerals, WiseTech Global and ResMed.
Russell Investments	Active positioning strategy	10.0	The strategy was flat for the quarter, with gains from overweights to Woodside Energy Group and Ansell offset by overweights to Dexus and Stockland.
Russell Investments	Systematic positioning strategy - defensive	10.0	The strategy underperformed the benchmark over the quarter, driven in part by overweights to APA Group, Dexus and ASX Ltd. An overweight to Bendigo and Adelaide Bank also weighed on returns.

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.
Manager strategic weights sum to 100% and exclude the 3% risk sleeve allocation.

Contact Russell Investments

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