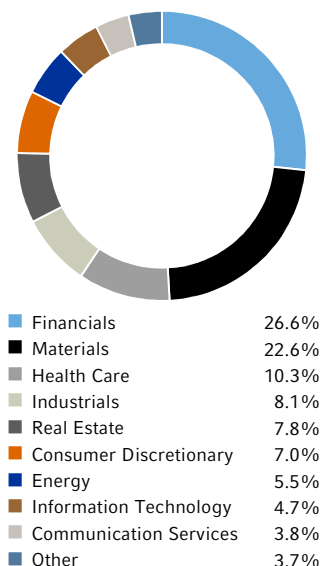


# Russell Investments Australian Shares Fund

## Sector allocation



## 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.

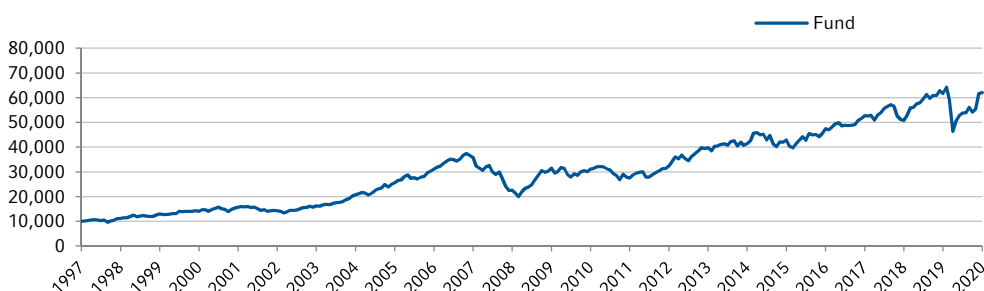
## Fund strategy

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<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	0.74	14.76	0.78	5.59	7.70	8.26

## Growth of \$10,000



## Fund commentary

The Russell Investments Australian Shares 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 both consumer staples and utilities. 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 IGO Ltd., BlueScope Steel and Oz Minerals. Our growth exposure added further value over the period, as did our underweights to defensive stocks like Transurban Group and CSL Ltd. Other notable positions to add value were an overweight to NAB and underweights to ASX Ltd. and a2 Milk Company. In contrast, several stock-specific positions detracted from performance, including an underweight to Fortescue Metals Group and an overweight to QBE Insurance. Our underweight to the broader banking space also weighed on returns; though this was more than 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.

## Fund facts

### Share class

Class A

### Inception date

31 December 1997

### Fund size

AUD 239.56m

### Benchmark

S&P/ASX 300 Accumulation Index

### Portfolio manager

Symon Parish

### Recommended investment timeframe

7 years

### Tax structure

Investment - Class A

### APIR code

RIM0006AU

### ARSN code

092-807-728

### Management cost<sup>†</sup>

0.84%

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

N/A

<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 Shares 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	0.8	5.6	7.7	8.3
Distribution	3.8	3.7	3.9	5.9
Growth	-3.0	1.9	3.8	2.4

### ESG data

	Fund	Benchmark
ESG Risk Score**	24.65	24.06
Carbon Footprint***	281.50	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
BHP Group Ltd
CSL Limited
National Australia Bank Limited
Commonwealth Bank of Australia
Westpac Banking Corporation
Australia and New Zealand Banking Group Ltd
Goodman Group
Macquarie Group Limited
Rio Tinto Limited
Woodside Petroleum Ltd

## Russell Investments Australian Shares Fund (continued)

### Portfolio structure\*

Manager	Style	Weight %	Comment
Ausbil	Core, earnings revisions focus	17.5	Ausbil outperformed the benchmark over the quarter, benefiting from overweights to Afterpay, Oz Minerals and Aristocrat Leisure. Not holding Woodside Petroleum, a2 Milk Company and IAG also added value.
DFA	Deep value small cap	12.5	DFA underperformed the benchmark over the quarter, hurt in part by overweights to Woodside Petroleum, Origin Energy and ANZ Bank. Not holding Goodman Group and Afterpay also weighed on returns.
Investors Mutual Limited	Bottom-up with defensive characteristics	15.0	Investors Mutual underperformed the benchmark over the quarter, hurt in part by overweights to IAG, Ampol and Virgin Money UK. Not holding Fortescue Metals Group and Goodman Group also weighed on returns.
Numeric Investors	Quantitative	17.5	Numeric outperformed the benchmark over the quarter, benefiting from overweights to Codan Ltd., Goodman Group and Kogan.com. Not holding a2 Milk Company and Origin Energy also added value.
Platypus	Aggressive growth	17.5	Platypus outperformed the benchmark over the quarter, benefiting from overweights to Reece, NEXTDC and Goodman Group. An underweight to Commonwealth Bank of Australia also added value.
Russell Investments	Positioning strategies	20.0	The strategy performed in line with the benchmark over the quarter, with overweights to Goodman Group, Fortescue Metals Group and Charter Hall Group (positive) offset by zero exposures to Afterpay, James Hardie and Sonic Healthcare (negative).

### 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](https://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](https://russellinvestments.com.au/disclosures) for the latest list of managers.  
Manager strategic weights sum to 100% and exclude the 3% risk sleeve allocation.  
Allocations may not equal 100% due to rounding

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