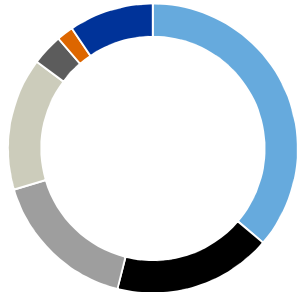


31 December 2022

Russell Investments International Bond Fund - \$A Hedged

Geographic allocation³



North America	36.3%
Euro Zone	17.7%
Asia Pacific	16.5%
Non-Euro Zone	14.8%
Caribbean, South and Central America	3.5%
Middle East & Africa	1.9%
Other	9.5%

Data as at 30 November 2022

Fund objective

To provide a total return, before costs and tax, higher than the Fund's benchmark over the medium term by providing exposure to a diversified portfolio of predominantly fixed income securities denominated in foreign currencies and largely hedged into Australian dollars.

Fund strategy

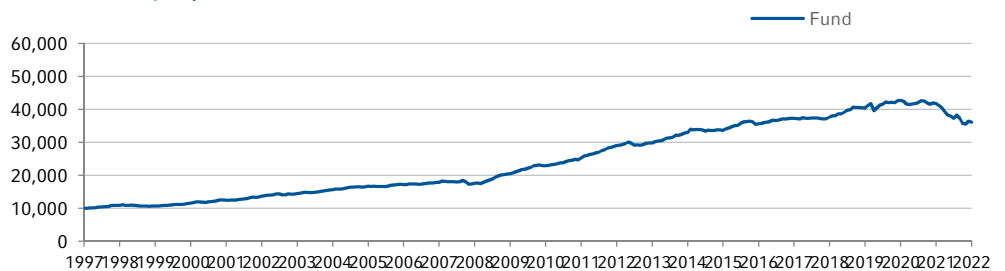
The Fund invests predominantly in debt securities issued by supranationals, international governments, quasi-governments, agencies and corporates as well as structured credit securities including mortgage and asset backed securities. The Fund may also be exposed to low grade or unrated debt securities, emerging markets and currency to a limited extent. The Fund promotes a reduction in carbon footprint exposure, mainly by excluding companies identified as having a relatively high exposure to carbon-intensive thermal coal activities. The Fund also invests in corporations which follow good governance practices by international standards, including company responsibility, company management and the severity of impacts on stakeholders and/or the environment. Derivatives may be used to obtain or reduce exposure to securities and markets, to implement investment strategies and to manage risk. Foreign currency exposures are largely hedged back to Australian dollars, apart from those foreign currency exposures which are utilised to generate excess returns from active currency management. For further information on how the Fund promotes a reduction in carbon footprint exposure and good governance practices – refer to the ESG considerations section in the Additional Information Booklet.

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	-0.88	0.91	-13.60	-3.65	-0.65	5.27

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 International Bond Fund (AUD hedged) outperformed the benchmark in the December quarter.

Interest rates positioning contributed positively to fund performance (in aggregate) over the period. This included our exposure to short-dated UK gilts in the early part of the quarter when bond yields fell in response to the political upheaval caused by UK prime minister Liz Truss's resignation after less than 50 days in office. Truss, who now holds the title of shortest-serving prime minister in UK history, was replaced by former Chancellor of the Exchequer Rishi Sunak. Credit positioning also added value over the period; notably our exposures to US and European high-yield debt, which performed well as spreads tightened over the quarter. Partly offsetting this was our emerging markets debt exposure.

In contrast, active currency positioning detracted from overall performance in the final quarter; notably short Chinese yuan, Swiss franc and euro positions. All three currencies outperformed the US dollar over the period.

Fund facts

Share class

Class A

Inception date

31 December 1997

Fund size

AUD 250.50m

Benchmark^{^^}

Bloomberg Global Aggregate Index (\$A Hedged)

Portfolio manager

Gerard Fitzpatrick

Recommended investment timeframe

3 years

Tax structure

Investment - Class A

APIR code

RIM0007AU

ARSN code

092-806-954

Management fees and costs[†]

0.65%

Performance fees[‡]

N/A

³ Allocations may not equal 100% due to rounding.

^{^^} Effective August 24, 2021, the Bloomberg Barclays fixed income indices were rebranded the Bloomberg indices.

[†] 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 International Bond Fund - \$A Hedged (continued)

Detailed performance review^{1,2}

	1 year %p.a.	3 years %p.a.	5 years %p.a.	Since inception %p.a.
Total return	-13.6	-3.7	-0.7	5.3
Distribution	-	5.6	4.1	6.2
Growth	-13.6	-9.3	-4.8	-0.9

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**	21.8	22.8
Carbon Footprint***	140.9	241.7

Data as at 30 November 2022

**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).

Portfolio structure⁴

Manager	Style	Weight %	Comment
BlueBay	Country selection	26.0	BlueBay outperformed its benchmark over the quarter, benefiting from its exposure to short-dated UK gilts early in the period and an underweight to Japanese bonds. Overweights to Mexican and South African government bonds also added value.
Russell Investments	Integrated Global Governments	14.0	The Russell Investments Integrated Governments strategy underperformed its benchmark over the period, driven in part by a large, short Japanese yen position. Partly offsetting this was a long New Zealand dollar position; the currency jumping 10.5% against the US dollar over the period.
Russell Investments	Intelligent Credit	14.0	The Russell Investments Intelligent Credit strategy underperformed its benchmark over the period, driven in part by an underweight to US investment-grade credit. The strategy's underweights to European and UK investment-grade industrials also weighed on returns.
Russell Investments	Liquidity	5.0	The Fund's liquidity reserve comprises cash awaiting investment or held to meet redemption requests or to pay expenses.
Schroders	Securitised specialist	13.0	Corporate credit specialist Schroders underperformed its benchmark over the quarter; the manager impacted in part by an overweight to non-agency commercial mortgage-backed securities.
Western Asset Management	Security selection	28.0	Western Asset Management outperformed its benchmark over the quarter, driven in part by overweights to European high-yield industrials and investment-grade financials. Overweights to US high-yield financials and industrials also added value.

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.

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For more information:

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