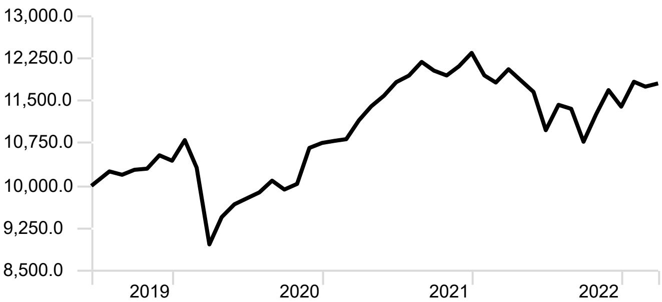
Russell Investments Managed Portfolios – Balanced

The portfolio returned 3.60%^ in the March quarter. An overweight to listed assets coming into the quarter and our decision to trim this exposure in late January/early February contributed positively to performance. An overweight to government bonds also added value, while overweights to US small caps, value stocks and listed property weighed on overall returns.

Growth of $10,000

Time Period: 17/06/2019 to 31/03/2023



Performance Review

As of Date: 31/03/2023

	Return
1 Month	0.48
3 Months	3.60
1 Year	-2.07
2 Years	2.88
3 Years	9.62
YTD	3.60
Since Inception	4.49

Inception date: 17/06/2019

^This performance is net of management fees for both the Managed Portfolio and the underlying managers' fees and costs. It does not take into account any third party platform fees charged to individual investors or transaction costs (including buy/sell spreads and brokerage fees). It assumes income is reinvested without any tax deduction. It is for [RIML's] preferred model portfolio of holdings. A holding in the preferred model portfolio may be restricted or replaced with another similar asset in the Managed Portfolio on different platforms if the preferred holding is not available. Different platforms may also charge different management fees for the Managed Portfolio. This can result in variances in performance of the Managed Portfolio between platforms. An individual investor's performance will differ, according to the investor's actual exposures to Managed Portfolio holdings and other factors (including transaction timing, transaction costs, actual underlying manager fees and costs and whether income is paid in cash). Platforms will have their own methodology for calculating performance, at both a platform level and an individual investor level. Past performance is not a reliable indicator of future performance.

Please contact your platform or adviser for details of your performance or current holdings in the Managed Portfolio.

Portfolio objective

To provide returns over the medium to long term, with moderate to high volatility, consistent with a diversified mix of predominantly growth oriented assets and some defensive assets.

Portfolio strategy

The Portfolio typically invests in a diversified investment mix with exposure to growth investments of around 70% and defensive investments of around 30% over the long term, however the allocations will be actively managed within the allowable ranges depending on market conditions.

Main market highlights

Global share markets made strong gains over the period, driven largely by expectations the US Federal Reserve (Fed) would soon hit the pause button on interest rates amid increasing evidence inflation in the world's biggest economy had peaked and renewed concerns over the US banking system. Headline inflation in the US continued to ease throughout January and February, suggesting inflation peaked at 9.1% in June last year. We also saw several US midsize banks collapse and Swiss banking giant UBS acquire troubled country peer Credit Suisse. Fears of a more systemic banking crisis, together with the ongoing moderation in inflation, led to increased speculation the Fed would leave interest rates on hold at its 21-22 March meeting; though the Bank ultimately disappointed investors by lifting the fed funds rate a further 0.25% to a target range of between 4.75% and 5.00%. Elsewhere, both the European Central Bank and the Bank of England raised interest rates twice over the period, as was widely expected. Australian shares underperformed their global counterparts; though the local market did record good gains for the quarter.

Government bonds performed well over the period, with longer-term yields falling (prices rising) throughout the quarter.

Main portfolio highlights

We reduced equity risk toward the end of January in response to the strong run up in share markets we saw in preceding months. We reduced equity risk further in early February by selling listed growth assets, including global and Australian shares, in favour of cash. Selling Australian shares in particular proved to be a prudent decision as the local market sold off during February and March. In addition, we increased the portfolio's exposure to government bonds midway through February as yields rose. This also proved to be a favourable decision given the recent disruption to the US banking system. We also added some downside protection in the form of options within the dynamic core.

Overall, the managed portfolio is aligned with its long-term asset allocation as we wait patiently for opportunities.

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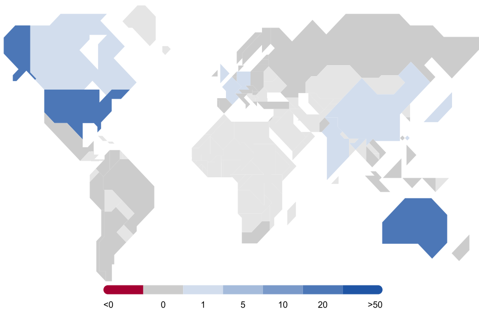
Country Exposure

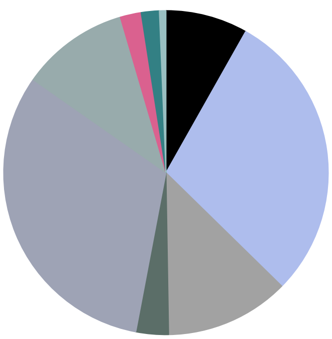
Portfolio Date: 31/03/2023



	%
Australia	48.2
United States	30.0
Japan	3.3
United Kingdom	2.3
China	2.3
Canada	1.6
France	1.3
Switzerland	1.3
Taiwan	1.1
Germany	1.1

Asset Allocation

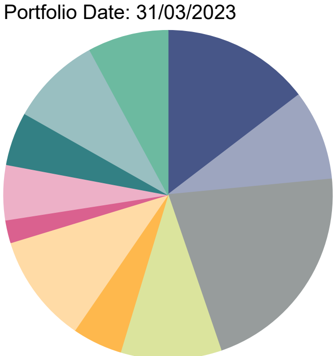
Portfolio Date: 31/03/2023



	%
Cash	8.2
Domestic Equity	29.2
Domestic Fixed Interest	12.4
Domestic Listed Property	3.2
International Equity	31.8
International Fixed Interest	10.7
International Listed Property	2.1
Other	1.8
Unlisted Property	0.7
Total	**100.0**

Sector Allocation

Portfolio Date: 31/03/2023



	%
Basic Materials	14.6
Consumer Cyclical	8.9
Financial Services	21.3
Real Estate	9.9
Consumer Defensive	4.9
Healthcare	10.7
Utilities	2.2
Communication Services	5.4
Energy	5.3
Industrials	8.9
Technology	7.9
Total	**100.0**

Long-term investing: Positioning for 5 years and beyond

The portfolio has a long-term asset allocation of 76% to return generating assets (including high yield debt and other extended fixed income). Growth asset valuations have decreased significantly year to date but are marginally higher than long-term averages in the US and similar to long-term averages across other developed markets, such as Australia. Long term forward looking return expectations for US shares and high-yield debt have improved during the year, but the economic outlook creates uncertainty in the near term. Given this, growth assets are still preferred due to superior returns relative to defensive assets over the medium term.

Defensive assets such as fixed income and cash have an allocation of 24% in the portfolio. A tilt toward credit further enhances the long-term return potential, but also increases the risk of losses. Credit spreads have widened, providing additional yield over Treasuries. Government bonds have recently begun to show signs of value across some markets and are now offering much higher yields than at the beginning of 2022.

Strategically, the portfolio has positions in cheaper and higher momentum securities as per our researched beliefs.

Dynamic positioning: Managing positions over the next 12-18 months

The direct Australian equity portfolio underperformed the benchmark, driven largely by poor stock selection. This included overweights to Computershare, Aurizon Holdings and Lynas Rare Earths. Underweights to takeover target Newcrest Mining and QBE Insurance also weighed on performance. In contrast, overweight holdings in James Hardie Industries and infrastructure company Transurban Group added value over the period. The portfolio also benefited from overweight exposures to the consumer discretionary and communication services sectors.

In terms of global equity managers, Numeric's low-volatility strategy underperformed on the back of its value bias and a modest underweight to growth. In contrast, Sanders and Morgan Stanley both performed well; the latter in particular benefiting from its growth exposure.

Looking ahead, we expect higher levels of volatility to continue, with active management to play an important role in navigating through it. We expect to increase growth asset exposure on major market reversals and decrease growth asset exposure on market rallies. This is a very important time to remain flexible as there are competing forces related to inflation and growth.

We retain the same themes as recent months, i.e. a preference for emerging markets over developed markets and overweights to both global small caps and floating rate credit.

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Detailed Asset Allocation

Portfolio Date: 31/03/2023

	Portfolio Weighting %
Russell Inv Multi-Asset Growth Strat A	32.28
Vanguard US Total Market Shares ETF	7.52
Vanguard All-World ex-US Shares ETF	6.92
Vanguard MSCI Intl (Hdg) ETF	3.64
Vanguard Global Aggregate Bd Hdg ETF	3.41
Russell Inv Australian Government Bd ETF	2.95
iShares Core Cash ETF	2.92
Vanguard Global Value Equity Active ETF	2.27
Russell Inv Australian Select CorpBd ETF	2.06
Vanguard Intl Credit Secs (Hdg) ETF	1.96
Vanguard MSCI Australian Small Coms ETF	1.91
Vanguard International Prpty Secs IdxHdg	1.64
iShares S&P Small-Cap ETF	1.54
Vanguard FTSE Emerging Markets Shrs ETF	1.44
Vanguard Australian Property Secs ETF	1.36
Russell Global Opportunities A	1.30
Vanguard Global Infrastructure Index Hgd	0.91
iShares JP Morgan USD EmMkts Bd AUDH ETF	0.48
Vanguard Australian Shares ETF	0.34
BHP Group Ltd	2.91
Commonwealth Bank of Australia	2.05
CSL Ltd	1.75
National Australia Bank Ltd	1.16
Transurban Group	0.98
Westpac Banking Corp	0.98
ANZ Group Holdings Ltd	0.90
Macquarie Group Ltd	0.84
Woodside Energy Group Ltd	0.79
Rio Tinto Ltd	0.73
Wesfarmers Ltd	0.73
Woolworths Group Ltd	0.70
Telstra Group Ltd	0.65
Fortescue Metals Group Ltd	0.55
Goodman Group	0.50
Cochlear Ltd	0.48
Aristocrat Leisure Ltd	0.43
South32 Ltd	0.43
James Hardie Industries PLC	0.38
Suncorp Group Ltd	0.38
Sonic Healthcare Ltd	0.37
Santos Ltd	0.36
Carsales.com Ltd	0.36
Mineral Resources Ltd	0.35
Computershare Ltd	0.33
Dexus	0.32
Aurizon Holdings Ltd	0.30
Harvey Norman Holdings Ltd	0.29
Mirvac Group	0.28
Lynas Rare Earths Ltd	0.24

Allocations may not equal 100% due to rounding. In order to manage a fund/portfolio to its investment objectives, Russell Investments retains the discretion to change the underlying investments at any time, without notice to investors. Please refer to the relevant Product Disclosure Statement for more information.

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