

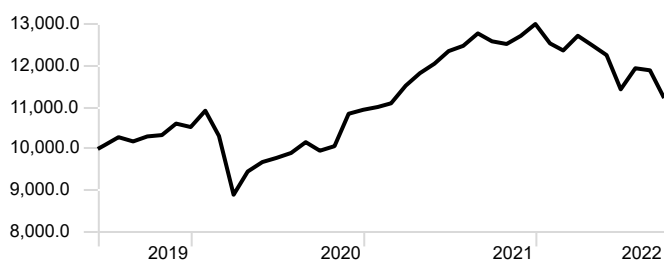
Russell Investments Managed Portfolios – Growth



The portfolio returned -1.82%^ in the September quarter. Overweights to listed growth assets, i.e. equities, and credit detracted from performance. Stock selection within Australian equities also weighed on returns. In contrast, stock selection within global equities and Australian bonds added value.

Growth of \$10,000

Time Period: 17/06/2019 to 30/09/2022



Performance Review

As of Date: 30/09/2022

	Return
1 Month	-5.58
3 Months	-1.82
1 Year	-10.80
2 Years	6.15
3 Years	2.89
YTD	-13.64
Since Inception	3.56

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 capital growth over the long term consistent with a portfolio focusing on growth assets, while accepting fluctuations in capital values in the short term.

Portfolio strategy

The Portfolio typically invests in a diversified investment mix with exposure to growth investments of around 90% and defensive investments of around 10% 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 fell in local currency terms in the September quarter. Much of the decline was driven by further, aggressive central bank activity globally and growing recession fears. In the US, the Federal Reserve raised interest rates twice, with chairman Jerome Powell making it clear that interest rates will continue to rise until price stability is restored; even if it means tipping the world's largest economy into recession. Elsewhere, rising consumer prices in the euro-zone saw the European Central Bank (ECB) deliver its first rate hike in 11 years in July; the Bank lifting its main refinancing rate by 0.50%. The ECB followed this up with a further, unprecedented 0.75% increase in early September. Meanwhile, the Bank of England raised rates twice over the period and warned of steeper rate hikes ahead after UK inflation hit double figures in July. Stocks were also impacted by ongoing geopolitical risks and disappointing Chinese growth. Australian shares made modest gains despite the Reserve Bank of Australia raising interest rates three times over the period as it tries to curb rising inflation; investors betting instead that the Bank may need to slow the pace at which it tightens monetary policy if growth slows too quickly.

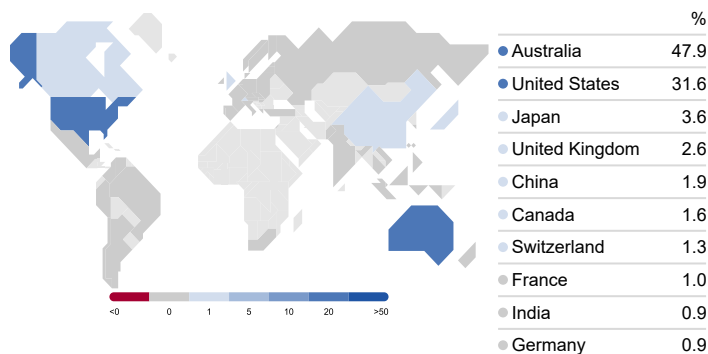
Government bonds underperformed, with yields continuing to rise amid sharply higher interest rates globally.

Main portfolio highlights

During the quarter, we removed the Vanguard Australian Shares Index ETF and increased our small caps exposure by adding the Vanguard MSCI Australian Small Companies Index ETF. We also diversified listed real assets away from Australian listed property by selling the Vanguard Australian Property ETF and buying both the Vanguard International Property Fund and the Vanguard Global Infrastructure Fund. Overall, the portfolio is aligned with its long-term asset allocation as we wait patiently for opportunities in this volatile environment.

Country Exposure

Portfolio Date: 30/09/2022



Long-term investing: Positioning for 5 years and beyond

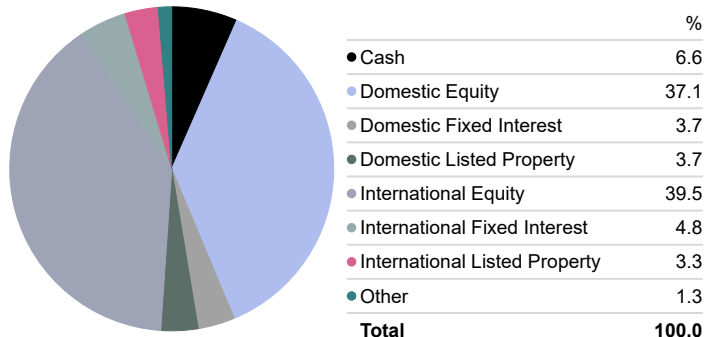
The portfolio has a long-term asset allocation of 90% to return generating assets (including high yield debt and other extended fixed income). Growth asset valuations have decreased significantly year to date but are marginally higher than long-term averages in the US and similar to long-term averages across other developed markets, such as Australia. Return expectations for US shares and high-yield debt are low but improving. 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 10% 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.

Asset Allocation

Portfolio Date: 30/09/2022



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

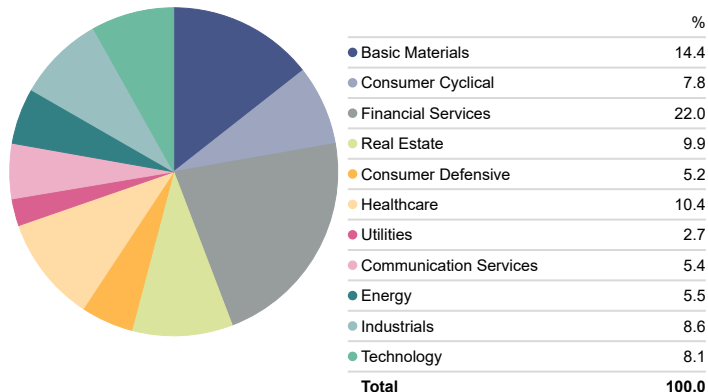
The direct Australian equity portfolio underperformed the benchmark, driven almost entirely by positioning within the energy and materials sectors; including underweights to Pilbara Minerals and Whitehaven Coal. We rebalanced these sectors in the portfolio as the momentum factor has changed. Both sectors have weighed on performance due to a combination of recent volatility within the macro environment and sector-specific factors in some commodities, e.g. lithium.

In terms of global equity managers, UK equity specialist J O Hambro underperformed over the period, while emerging markets specialist Oaktree Capital and Numeric's low-volatility and Core strategies all performed well.

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.

Sector Allocation

Portfolio Date: 30/09/2022



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: 30/09/2022

	Portfolio Weighting %
Russell Inv Multi-Asset Growth StratPlus	23.74
Vanguard US Total Market Shares ETF	8.15
Vanguard MSCI Intl (Hdg) ETF	7.12
Russell Global Opportunities A	6.32
Vanguard All-World ex-US Shares ETF	6.07
Vanguard Global Value Equity Active ETF	3.13
Vanguard International Prpty Secs IdxHdg	2.65
Vanguard MSCI Australian Small Coms ETF	2.56
Vanguard Australian Shares ETF	2.09
iShares S&P Small-Cap ETF	1.62
Vanguard FTSE Emerging Markets Shrs ETF	1.50
Vanguard Australian Property Secs ETF	1.49
Russell Inv Australian Government Bd ETF	1.04
Vanguard Global Aggregate Bd Hdg ETF	1.01
Vanguard Global Infrastructure Index Hgd	0.92
iShares Core Cash ETF	0.31
BHP Group Ltd	4.03
CSL Ltd	2.29
Commonwealth Bank of Australia	2.23
National Australia Bank Ltd	1.87
Macquarie Group Ltd	1.26
Westpac Banking Corp	1.25
Rio Tinto Ltd	1.20
Transurban Group	1.15
Australia and New Zealand Banking Group Ltd	1.14
Woolworths Group Ltd	0.99
South32 Ltd	0.85
Carsales.com Ltd	0.76
Wesfarmers Ltd	0.68
Dexus	0.68
Sonic Healthcare Ltd	0.64
Aurizon Holdings Ltd	0.62
Telstra Group Ltd	0.60
Lynas Rare Earths Ltd	0.55
Suncorp Group Ltd	0.53
James Hardie Industries PLC DR	0.52
Ampol Ltd	0.49
Woodside Energy Group Ltd	0.49
Harvey Norman Holdings Ltd	0.46
AGL Energy Ltd	0.46
Computershare Ltd	0.44
Santos Ltd	0.43
Vicinity Centres	0.41
Worley Ltd	0.41
Mirvac Group	0.40
Bendigo and Adelaide Bank Ltd	0.37

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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Contact Russell Investments

Further information

For further information about Russell Investments please visit russellinvestments.com.au

Important Information



Russell Investments Managed Portfolios have been rated Superior by SQM Research¹ for world class manager research capabilities and management of multi-asset portfolios.

¹ The rating is issued by SQM Research Pty Ltd ABN 93 122 592 036 AFSL 421913. SQM Research is an investment research firm that undertakes research on investment products exclusively for its wholesale clients, utilising a proprietary review and star rating system. The SQM Research star rating system is of a general nature and does not take into account the particular circumstances or needs of any specific person. The rating may be subject to change at any time. Only licensed financial advisers may use the SQM Research star rating system in determining whether an investment is appropriate to a person's particular circumstances or needs. You should read the product disclosure statement and consult a licensed financial adviser before making an investment decision in relation to this investment product. SQM Research receives a fee from the Fund Manager for the research and rating of the managed investment scheme.

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