

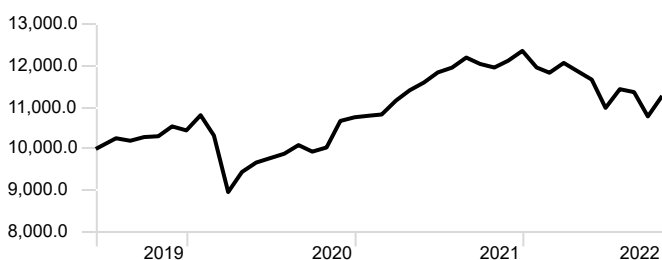
# Russell Investments Managed Portfolio – Growth



The portfolio returned 5.35%^ in October. Overweights to listed growth assets, i.e. Australian and global equities, contributed positively to performance. An overweight to extended fixed income assets also added value.

## Growth of \$10,000

Time Period: 17/06/2019 to 31/10/2022



## Performance Review

As of Date: 31/10/2022

	Return
1 Month	5.35
3 Months	-0.94
1 Year	-5.54
2 Years	8.37
3 Years	4.59
YTD	-9.02
Since Inception	5.08

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 made strong gains in October even as the world's major central banks continued to raise interest rates in the face of persistently high inflation. Investors were instead encouraged by speculation that officials may soon pivot toward a less aggressive monetary policy stance given the typical lag effects of higher interest rates and the potential impact that sharply higher rates will have on economic growth. Share markets also benefited from a series of positive US and European earnings updates, as well as speculation that stocks, which have sold off sharply so far this year, may have reached the bottom. Australian shares also performed well, driven largely by the Reserve Bank of Australia's decision to cut interest rates by less than expected despite uncomfortably high inflation.

Government bonds continued to underperform against a backdrop of rising interest rates.

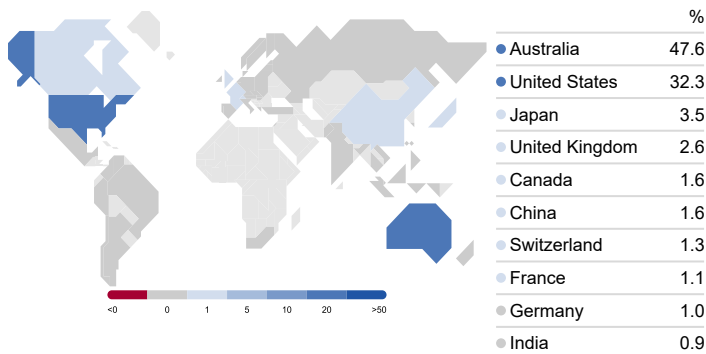
## Main portfolio highlights

There were no material positional changes to the portfolio during the month. Overall, the portfolio is aligned with its long-term asset allocation as we wait patiently for opportunities in this volatile environment.

# Russell Investments Managed Portfolio – Growth

## Country Exposure

Portfolio Date: 31/10/2022



## Long-term investing: Positioning for 5 years and beyond

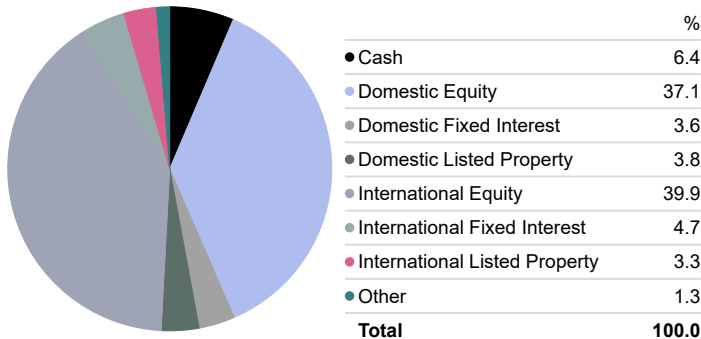
**The portfolio has a long-term asset allocation of 90% to return generating assets (including high yield debt and other extended fixed income).** Growth asset valuations have decreased significantly year to date but are marginally higher than long-term averages in the US and similar to long-term averages 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: 31/10/2022



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

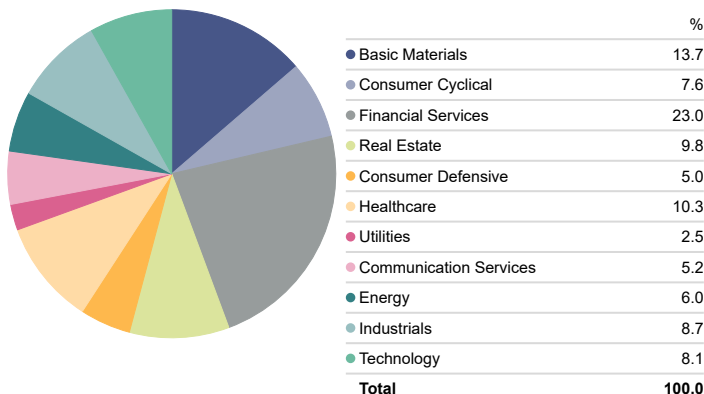
The direct Australian equity portfolio underperformed the benchmark, driven largely by positioning within the energy and materials sectors. This included underweights to Pilbara Minerals, Whitehaven Coal and Worley Ltd. Whilst the portfolio is not underweight energy, its energy exposure is more to service-orientated companies as opposed to oil and gas producers which benefit directly from higher commodity prices.

In terms of global equity managers, emerging markets specialist Oaktree Capital significantly outperformed its benchmark, while fellow emerging markets manager RWC Partners underperformed, driven largely by an overweight to China.

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: 31/10/2022



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.

# Russell Investments Managed Portfolio – Growth



## Detailed Asset Allocation

Portfolio Date: 31/10/2022

	Portfolio Weighting %
Russell Inv Multi-Asset Growth StratPlus	23.28
Vanguard US Total Market Shares ETF	8.39
Vanguard MSCI Intl (Hdg) ETF	7.19
Russell Global Opportunities A	6.40
Vanguard All-World ex-US Shares ETF	6.03
Vanguard Global Value Equity Active ETF	3.36
Vanguard International Prpty Secs IdxHdg	2.60
Vanguard MSCI Australian Small Coms ETF	2.59
Vanguard Australian Shares ETF	2.11
iShares S&P Small-Cap ETF	1.73
Vanguard Australian Property Secs ETF	1.55
Vanguard FTSE Emerging Markets Shrs ETF	1.40
Russell Inv Australian Government Bd ETF	1.01
Vanguard Global Aggregate Bd Hdg ETF	0.96
Vanguard Global Infrastructure Index Hgd	0.90
iShares Core Cash ETF	0.30
BHP Group Ltd	3.71
Commonwealth Bank of Australia	2.44
CSL Ltd	2.14
National Australia Bank Ltd	2.00
Westpac Banking Corp	1.38
Macquarie Group Ltd	1.33
Australia and New Zealand Banking Group Ltd	1.22
Transurban Group	1.17
Rio Tinto Ltd	1.08
Woolworths Group Ltd	0.91
South32 Ltd	0.80
Carsales.com Ltd	0.78
Wesfarmers Ltd	0.69
Sonic Healthcare Ltd	0.65
Dexus	0.64
Aurizon Holdings Ltd	0.62
Suncorp Group Ltd	0.58
Telstra Group Ltd	0.58
Lynas Rare Earths Ltd	0.57
James Hardie Industries PLC DR	0.54
Woodside Energy Group Ltd	0.52
Harvey Norman Holdings Ltd	0.47
Santos Ltd	0.44
Ampol Ltd	0.44
Vicinity Centres	0.44
Worley Ltd	0.44
AGL Energy Ltd	0.44
Computershare Ltd	0.42
Mirvac Group	0.40
Bendigo and Adelaide Bank Ltd	0.40

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.

# Russell Investments Managed Portfolio – Growth



## Contact Russell Investments

## Further information

For further information about Russell Investments please visit [russellinvestments.com.au](http://russellinvestments.com.au)

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