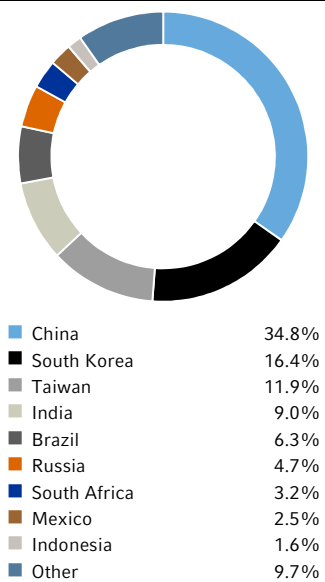


# Russell Investments Emerging Markets Fund

## Geographic allocation



## Fund objective

To significantly outperform the Fund’s benchmark, before costs and tax, over the long term by providing exposure to a diversified portfolio of predominantly emerging market shares.

## Fund strategy

The Fund is predominantly exposed to shares listed on stock exchanges in emerging markets. The Fund may also have exposure to shares listed on stock exchanges in countries which are considered ‘frontier’ or ‘pre-emerging’ and to shares listed on developed markets’ stock exchanges where the issuer derives a material proportion of its revenue from the emerging markets.

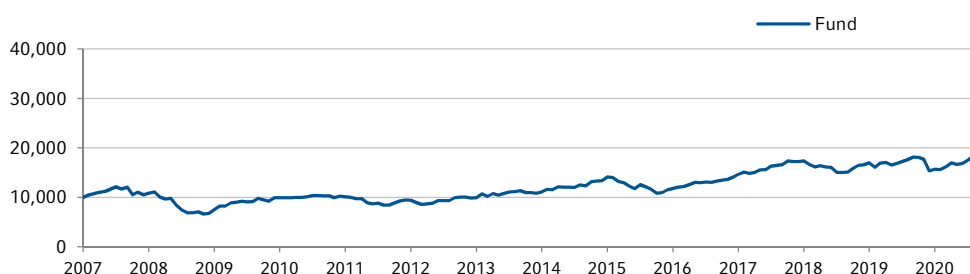
## Performance review<sup>1</sup>

| 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             | 3.15      | 12.64      | 4.42     | 4.56          | 10.32         | 4.79                  |

## Fund facts

|  |                                   |
|--|-----------------------------------|
| <b>Share class</b>                         | Class A                           |
| <b>Inception date</b>                      | 30 April 2007                     |
| <b>Fund size</b>                           | AUD 94.62m                        |
| <b>Benchmark</b>                           | MSCI Emerging Markets Index - Net |
| <b>Portfolio manager</b>                   | Kathrine Husvaeg                  |
| <b>Recommended investment timeframe</b>    | 7 years                           |
| <b>Tax structure</b>                       | Investment - Class A              |
| <b>APIR code</b>                           | RIM0038AU                         |
| <b>ARSN code</b>                           | 122-656-884                       |
| <b>Management cost<sup>†</sup></b>         | 1.43%                             |
| <b>Performance-related fee<sup>‡</sup></b> | N/A                               |

## Growth of \$10,000



## Fund commentary

The Russell Investments Emerging Markets Fund outperformed the benchmark in the December quarter. Much of the Fund’s outperformance was driven by an underweight exposure and strong stock selection in China; particularly within the consumer discretionary space. This included an underweight to Alibaba Group and an overweight to Geely Automobile Holdings. Overweights to some of the strongest-performing markets was also positive; notably South Korea and Brazil. Stock selection in Taiwan added further value over the period, including an overweight to United Microelectronics Corp. Other notable positions to add value were ex-benchmark holdings in Canada’s First Quantum Minerals and China’s Zhejiang Huayou Cobalt Co. In terms of strategic factor performance, our preference for momentum and value (notably small cap value) contributed positively to overall returns. In contrast, poor stock selection in Russia and South Africa detracted from performance. Underweights to Thailand and the Philippines also weighed on returns, albeit modestly. During the quarter, we removed Somerset Capital from the Fund’s manager line up and introduced Barrow Hanley and Bin Yuan Capital. Moving forward, we maintain underweight exposures to China, Saudi Arabia, Malaysia and Thailand. The Fund is also overweight Russia, South Korea and Brazil and maintains positive factor exposures to both value and momentum; which is in line with our strategic preferences.

<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 Emerging Markets Fund (continued)

### Detailed performance review<sup>1,2</sup>

|              | 1 year<br>%p.a. | 3 years<br>%p.a. | 5 years<br>%p.a. | Since inception<br>%p.a. |
|--------------|-----------------|------------------|------------------|--------------------------|
| Total return | 4.4             | 4.6              | 10.3             | 4.8                      |
| Distribution | 21.2            | 10.7             | 8.8              | 3.6                      |
| Growth       | -16.8           | -6.1             | 1.6              | 1.1                      |

### ESG data

|                     | Fund   | Benchmark |
|---------------------|--------|-----------|
| ESG Risk Score**    | 27.39  | 27.05     |
| Carbon Footprint*** | 287.84 | 259.48    |
| Tobacco Exposure    | 0.00%  | 0.29%     |

\*\* 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   |
|--|
| Taiwan Semiconductor Manufacturing Co., Ltd.         |
| Samsung Electronics Co., Ltd.                        |
| Tencent Holdings Ltd.                                |
| Alibaba Group Holding Ltd.                           |
| SK Hynix Inc   |
| Sberbank of Russia                                   |
| Petroleo Brasileiro SA                               |
| Ping An Insurance (Group) Co. of China, Ltd. Class H |
| LUKOIL   |
| LG Chem Ltd.   |

# Russell Investments Emerging Markets Fund (continued)

## Portfolio structure\*

| Manager                       | Style  | Weight % | Comment   |
|-------------------------------|--|----------|---|
| Alliance Bernstein            | Value  | 13.0     | Alliance Bernstein outperformed its benchmark over the period; the manager benefiting from their deeper value exposure and positive stock selection in South Korea. This included overweights to Samsung Electronics and Kia Motors. Underweights to Saudi Arabia, Qatar and Malaysia also added value. |
| Axiom International Investors | Quality, Growth                                      | 13.0     | Axiom underperformed its benchmark over the quarter, hurt in part by their growth bias. Poor stock selection in South Korea, India and Brazil detracted the most from returns. In contrast, the manager benefited from a tilt toward momentum stocks.   |
| Barrow Hanley                 | Contrarian value, quality characteristics            | 10.0     | Barrow Hanley was added to the Fund's manager line up in December. The manager has yet to complete a full quarter of performance.   |
| Bin Yuan                      | Pan China, small to mid-cap, quality characteristics | 5.0      | Bin Yuan was added to the Fund's manager line up in December. The manager has yet to complete a full quarter of performance.  |
| Neuberger Berman              | Growth   | 12.0     | Neuberger Berman underperformed its benchmark over the quarter, hurt in part by their growth bias and poor stock selection in China; notably zero exposures to Pinduoduo, NIO, Inc. and Baidu. Poor stock selection in Russia also weighed on returns.  |
| Numeric                       | Value, momentum                                      | 12.0     | Numeric underperformed its benchmark over the quarter, driven in part by poor stock selection in China. This included zero exposures to NIO, Inc. and Pinduoduo as well as an overweight to China Mobile, which was added to a US sanctions list during the quarter.                                    |
| Oaktree Capital               | Market-oriented                                      | 12.0     | Oaktree Capital's market-oriented strategy outperformed its benchmark over the quarter, benefiting from strong stock selection in China. This included overweights to Geely Automobile Holdings and Jiangsu Yanghe Brewery. An overweight exposure to Brazil also added value.                          |
| Russell Investments           | Positioning strategies                               | 13.0     | The strategy outperformed its benchmark over the quarter, driven in large part by its tilt toward value names. Country positioning added value, including overweights to South Korea and Taiwan and underweights to Qatar and Malaysia. In contrast, an underweight to momentum detracted from returns. |
| RWC Partners                  | Opportunistic, focus on value & growth               | 10.0     | RWC Partners significantly outperformed its benchmark over the quarter, benefiting from their exposure to high-momentum names and strong stock selection within more cyclical areas of the market. This included overweights to Chinese consumer discretionary stocks like NIO, Inc. and Pinduoduo.     |

## 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](http://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](http://russellinvestments.com.au/disclosures) for the latest list of managers.

Allocations may not equal 100% due to rounding

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