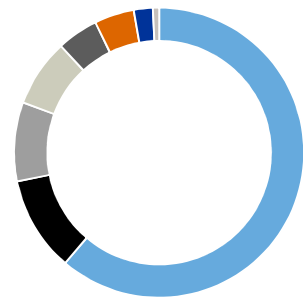


31 December 2022

Russell Investments International Property Securities Fund - Hedged

Geographic allocation³



| | |
|-----------------------|-------|
| United States | 61.2% |
| Japan | 10.6% |
| Asia ex Japan | 8.8% |
| Europe ex UK | 7.5% |
| UK | 4.6% |
| Australia/New Zealand | 4.4% |
| Canada | 2.1% |
| Emerging Markets | 0.0% |
| Other | 0.7% |

Fund objective

To provide a total return, before costs and tax, higher than the Fund's benchmark over the long term by providing exposure to a diversified portfolio of predominantly international and Australian listed property securities, largely hedged into Australian dollars.

Fund strategy

The Fund invests predominantly in property trusts and property related securities listed on stock exchanges in developed international markets. The Fund may also invest in securities which have exposure to properties in emerging markets. Foreign currency exposures are largely hedged back to Australian dollars.

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 | -3.91 | 3.81 | -26.52 | -5.43 | -0.58 | 4.63 |

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 facts

Share class

Class A

Inception date

31 December 2004

Fund size

AUD 93.86m

Benchmark

FTSE EPRA/NAREIT Developed Real Estate Index Net TRI – \$A Hedged

Portfolio manager

Bruce Eidelson

Recommended investment timeframe

7 years

Tax structure

Investment - Class A

APIR code

RIM0031AU

ARSN code

111-169-987

Management fees and costs[†]

0.92%

Performance fees[‡]

N/A

Fund commentary

The Russell Investments International Property Securities Fund (AUD Hedged) performed in line with the benchmark in the December quarter.

A material underweight to the US office space contributed positively to performance, including a modest underweight to Boston Properties, which posted a sharp decline for the quarter. An overweight exposure and positive stock selection in the UK also added value over the period; notably overweights to British Land Co. and Safestore, the UK's largest self-storage provider. Other notable positions to add value were ex-benchmark holdings in Hong Kong's Sun Hung Kai Properties and Wharf Real Estate Investment Co. In contrast, stock selection amongst Japanese developers detracted from overall performance. This included ex-benchmark holdings in Mitsubishi Estate Co. and Mitsui Fudosan Co.; both of which significantly underperformed the broader market. Stock selection in Australia also weighed on returns, including an underweight to shopping centre operator Vicinity Centres. In terms of strategic factor performance, our quality tilt added value over the period while our size bias detracted from returns. Momentum, value and volatility factors had no meaningful impact on overall performance.

Moving forward, the Fund is positioned with tilts toward the UK and Asia ex Japan, and away from North America, Continental Europe, Japan and Australia. In terms of sectors, we prefer residential, specialty and data centre names and maintain underweights to office, lodging and shopping centres. We also maintain strategic overweights to both quality and size.

³ Allocations may not equal 100% due to rounding.

[†] 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 Property Securities Fund - 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 | -26.5 | -5.4 | -0.6 | 4.6 |
| Distribution | - | 0.4 | 0.9 | 4.4 |
| Growth | -26.5 | -5.8 | -1.4 | 0.2 |

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** | 13.35 | 13.67 |
| Carbon Footprint*** | 88.10 | 84.88 |
| Tobacco Exposure | 0.00% | 0.00% |

** 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). Tobacco exposure is defined as the weight of securities in the portfolio classified as being in the GICS tobacco subindustry.

Top ten holdings

| Security |
|----------------------------|
| PROLOGIS INC |
| EQUINIX INC |
| PUBLIC STORAGE |
| REALTY INCOME CORP |
| SIMON PROPERTY GROUP INC |
| MID-AMERICA APARTMENT COMM |
| WELLTOWER INC |
| DIGITAL REALTY TRUST INC |
| AVALONBAY COMMUNITIES INC |
| INVITATION HOMES INC |

Russell Investments International Property Securities Fund - Hedged (continued)

Portfolio structure⁴

| Manager | Style | Weight % | Comment |
|--|-------------------------------|----------|--|
| Cohen & Steers Capital Management | NAV & dividend discount model | 40.0 | Cohen and Steers underperformed the benchmark over the quarter, driven by an overweight to the US residential space. Stock selection amongst Japanese developers also weighed on returns, while an overweight to US malls added value. |
| RREEF America L.L.C. | Fundamental/bottom-up | 50.0 | RREEF outperformed the benchmark over the quarter, benefiting from positive stock selection within the healthcare and data centre sectors. Stock selection in the UK also added value, while an underweight to US malls weighed on overall returns. |
| Russell Investments positioning strategy | Region & sector positioning | 10.0 | Russell Investments' positioning strategy was used to manage the Fund's regional and sector exposures relative to the benchmark throughout the quarter. The strategy underperformed the benchmark, driven in part by overweights to US office names and Japanese developers. In contrast, an overweight to the UK 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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