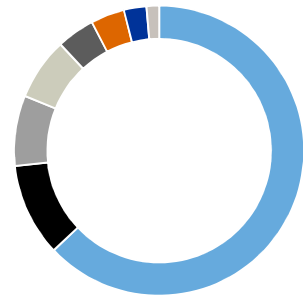


30 September 2023

# Russell Investments International Property Securities Fund - Hedged

## Geographic allocation<sup>3</sup>



United States	62.9%
Japan	10.4%
Asia ex Japan	7.9%
Europe ex UK	6.9%
UK	4.2%
Australia/New Zealand	3.8%
Canada	2.5%
Emerging Markets	0.0%
Other	1.4%

## 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 review<sup>1</sup>

Period ending 30/09/2023	1 month %	3 months %	1 year %	3 years %p.a.	5 years %p.a.	Since inception %p.a.
Total return	-5.58	-5.19	0.68	0.48	-1.53	4.27

<sup>1</sup> 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 107.34m

### Benchmark

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

### Portfolio manager

Bruce Eidelson and Adrianna Giesey

### Recommended investment timeframe

7 years

### Tax structure

Investment - Class A

### APIR code

RIM0031AU

### ARSN code

111-169-987

### Management fees and costs<sup>†</sup>

0.92%

### Performance fees<sup>‡</sup>

N/A

## Fund commentary

The Russell Investments International Property Securities Fund (AUD Hedged) narrowly outperformed the benchmark in the September quarter. However, the Fund did deliver negative absolute returns over the period.

Contributing to the Fund's outperformance was stock selection in the US, including overweights to strong-performing names like Welltower and Digital Realty Trust. Other US positions to add value were underweights to Extra Space Storage and Equinix. Stock selection in Australia also added value over the period; notably overweights to industrial property giant Goodman Group and Ingenia Communities Group. Stock selection amongst Japanese developers also contributed positively to performance, including an overweight to Mitsubishi Estate Company. In terms of strategic factor performance, our preferences for quality and size added further value over the period, while momentum, value and volatility factors had no meaningful impact on performance. In contrast, an underweight to the US office space detracted from overall returns. This included underweights to Vornado Realty Trust and Boston Properties; both of which recorded strong gains for the quarter.

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

<sup>3</sup> Allocations may not equal 100% due to rounding.

<sup>†</sup> 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.

<sup>‡</sup> 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<sup>1,2</sup>

	1 year %p.a.	3 years %p.a.	5 years %p.a.	Since inception %p.a.
Total return	0.7	0.5	-1.5	4.3
Distribution	-	0.4	0.3	4.2
Growth	0.7	0.1	-1.8	0.1

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**	13.48	13.80
Carbon Footprint***	89.86	83.07
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 which we define as relative carbon emissions as the weighted average of portfolio companies' Scope 1 & 2 GHG emissions divided by revenue (CO<sub>2</sub>e/\$1M 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
WELLTOWER INC
DIGITAL REALTY TRUST INC
SIMON PROPERTY GROUP INC
PUBLIC STORAGE
REALTY INCOME CORP
AVALONBAY COMMUNITIES INC
INVITATION HOMES INC
AMERICOLD REALTY TRUST INC

# Russell Investments International Property Securities Fund - Hedged (continued)

## Portfolio structure<sup>4</sup>

Manager	Style	Weight %	Comment
Cohen & Steers Capital Management	NAV & dividend discount model	43.0	Cohen & Steers performed in line with the benchmark over the quarter. The manager benefited from an overweight exposure and positive stock selection within the US data centre space. Stock selection in Canada also added value. Offsetting this was poor stock selection in Continental Europe and the US office sector.
RREEF America L.L.C.	Fundamental/bottom-up	47.0	RREEF outperformed the benchmark over the quarter, driven largely by stock selection in Continental Europe and the US healthcare sector. Stock selection amongst US specialty real estate investment trusts also added value. In contrast, an underweight to US office names detracted from 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 outperformed the benchmark over the period, benefiting in part from an overweight to Japanese developers.

<sup>4</sup> Russell Investments retains the discretion to change the investment managers at any time without notice. Please check [russellinvestments.com.au/disclosures](https://russellinvestments.com.au/disclosures) for the latest list of managers.

### Contact Russell Investments

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