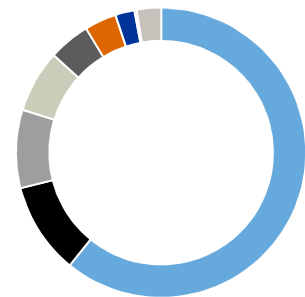


30 September 2022

# Russell Investments International Property Securities Fund - Hedged

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



United States	64.4%
Japan	10.8%
Asia ex Japan	9.2%
Europe ex UK	7.4%
UK	4.9%
Australia/New Zealand	3.8%
Canada	2.3%
Emerging Markets	0.3%
Other	-2.9%

## 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 30/09/2022	1 month %	3 months %	1 year %	3 years %p.a.	5 years %p.a.	Since inception %p.a.
Total return	-12.34	-11.38	-21.63	-6.35	-0.45	4.47

<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 112.28m

### 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<sup>†</sup>

0.92%

### Performance fees<sup>‡</sup>

N/A

## Fund commentary

The Russell Investments International Property Securities Fund (AUD Hedged) underperformed the benchmark in the September quarter.

Contributing to the Fund's underperformance was an overweight exposure to the poor-performing UK market. Stock selection in the US also weighed on returns; particularly within the office space. This included an underweight to Alexandria Real Estate Equities and an overweight to Boston Properties. Performance was further impacted by stock selection in Continental Europe; notably overweights to Germany's Vonovia SE and Belgium's VGP NV; both of which posted steep declines for the quarter. In contrast, the Fund benefited from strong stock selection in Hong Kong, including an ex-benchmark holding in Sands China. Stock selection in Japan also added value over the period; notably an ex-benchmark holding in MORI TRUST Hotel Reit. In terms of strategic factor performance, our quality tilt detracted from returns over the period while our size bias added value. 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 net lease 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	-21.6	-6.3	-0.5	4.5
Distribution	-	0.4	1.1	4.5
Growth	-21.6	-6.8	-1.5	0.0

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**	13.42	13.89
Carbon Footprint***	97.77	93.54
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 (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
PROLOGIS INC
PUBLIC STORAGE
EQUINIX INC
REALTY INCOME CORP
AVALONBAY COMMUNITIES INC
DUKE REALTY CORP
MID-AMERICA APARTMENT COMM
DIGITAL REALTY TRUST INC
INVITATION HOMES INC
VONOVIA SE

# 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	40.0	Cohen and Steers underperformed the benchmark over the quarter. An overweight to the UK market and poor stock selection amongst US data centres weighed on returns. In contrast, the manager benefited from an overweight exposure and strong stock selection amongst US shopping centres.
RREEF America L.L.C.	Fundamental/bottom -up	50.0	RREEF underperformed the benchmark over the quarter, driven in part by poor stock selection within the US healthcare sector and an overweight to the UK market. In contrast, the manager benefited from positive stock selection amongst shopping centres.
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 largely by poor stock selection in Continental Europe.

<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

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](https://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

### Important information

Issued by Russell Investment Management Ltd ABN 53 068 338 974, AFS Licence 247185 (RIM). This document provides general information only and has not been prepared having regard to your objectives, financial situation or needs. Before making an investment decision, you need to consider whether this information is appropriate to your objectives, financial situation or needs. This information has been compiled from sources considered to be reliable, but is not guaranteed. The performance data shown does not take into account fees, charges and taxes, and is not a reliable indicator of the net return to you as an investor. Past performance is not a reliable indicator of future performance. This document is not intended to be a complete statement or summary of the Russell Investments Funds (the Funds). Investing in the Funds has risks. You should consider these risks in light of your objectives, financial situation and needs. Any potential investor should consider the latest PDS in deciding whether to acquire, or to continue to hold, an investment in any Russell Investments product. The PDS can be obtained by visiting [russellinvestments.com.au](https://russellinvestments.com.au) or by phoning (02) 9229 5111. The Target Market Determinations for the RIM Funds are available on our website at [www.russellinvestments.com.au/support/tmds](https://www.russellinvestments.com.au/support/tmds). RIM is part of Russell Investments. Russell Investments or its associates, officers or employees may have interests in the financial products referred to in this information by acting in various roles including broker or adviser, and may receive fees, brokerage or commissions for acting in these capacities. In addition, Russell Investments or its associates, officers or employees may buy or sell the financial products as principal or agent. The Russell Indexes mentioned in this document are trademarks of Frank Russell Company (Russell). Russell is the owner of the Russell trademarks and all trademark rights related to the Russell trademarks, which the members of the Russell Investments group of companies are permitted to use under licence from Russell. The members of the Russell Investments group of companies are not affiliated in any manner with Russell or any entity operating under the 'FTSE Russell' brand. Russell Investments' ownership is composed of a majority stake held by funds managed by TA Associates, with a significant minority stake held by funds managed by Reverence Capital Partners. Russell Investments' employees and Hamilton Lane Advisors, LLC also hold minority, non-controlling, ownership stakes. This work is copyright 2022. Apart from any use permitted under the Copyright Act 1968, no part may be reproduced by any process, nor may any other exclusive right be exercised, without the permission of Russell Investment Management Ltd. Russell Investments became a signatory of the Principles for Responsible Investment (PRI) in 2009; the Carbon Disclosure Project's climate change program since 2010; and the Climate Action 100 in 2017. Russell Investments is also a member of the Institutional Investors Group on Climate Change (IIGCC) since 2015; and the Responsible Investment Association of Australasia. Russell Investments became a supporter for the Taskforce on Climate-Related Financial Disclosures (TCFD) in May 2019. Russell Investments has consecutively achieved an A+ rating for our strategy and governance approach from the PRI from 2016-2020. For further information visit [russellinvestments.com](https://russellinvestments.com).