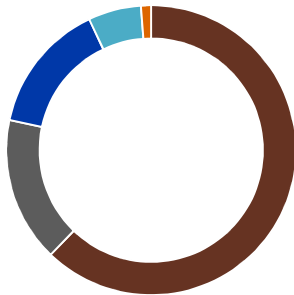


# Russell Investments Multi-Asset Income Strategy Fund

Asset allocation as at  
30 September 2022<sup>3</sup>



Fixed Int & Cash	62.2%
Aust Shares	16.1%
Int Shares	14.6%
Alternatives	5.9%
Property	1.1%

### Fund objective

To provide a return (after fees and costs) of 2% pa above inflation over the short to medium term with a focus on income and risk management.

### Fund strategy

The Fund is diversified across a range of asset classes, including equities, fixed income and alternatives, with a dynamic approach to asset allocation. Derivatives may be used to implement investment strategies.

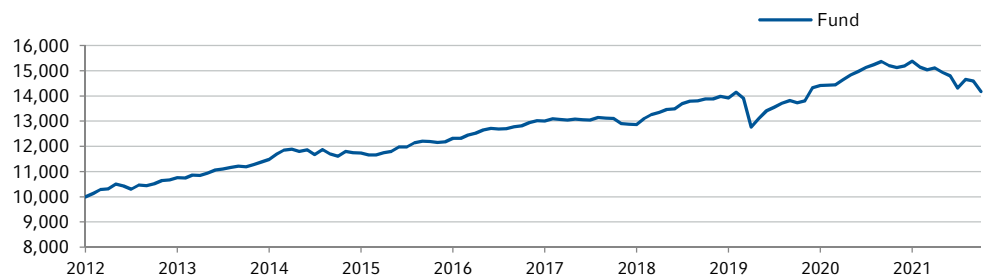
### Performance review<sup>1,2</sup>

Performance review	1 month %	3 months %	1 year %	3 years %p.a.	5 years %p.a.	Since inception %p.a.
Total return	-2.82	-0.90	-6.70	0.72	2.04	3.68
Distribution	-	-	5.13	4.87	4.01	4.27
Growth	-2.82	-0.90	-11.84	-4.15	-1.97	-0.59

<sup>1</sup> Performance is net of fees and charges. Assumes reinvestment of income. Past performance is not a reliable indicator of future performance.

<sup>2</sup> The distribution return reflects income paid from the Fund, whilst the growth return reflects changes in the capital value of the units.

### Growth of \$10,000



### Fund facts

#### Share class

Class A

#### Performance objective as at 30 June 2022

CPI +2%\*

3 Months % 2.27

1 Year % 8.14

3 Years % p.a. 5.18

#### Inception date

12 December 2012

#### Fund size

AUD 136.25m

#### APIR code

RIM0089AU

#### ARSN code

160-347-384

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

0.84%

#### Performance fees<sup>‡</sup>

0.03%

### Market

Global bonds were weaker in the September quarter. Longer-term government bond yields continued to rise (prices fell) over the period, driven by sharply higher interest rates in the US, Europe and the UK as central bankers battled to keep a lid on inflation. Bonds were also impacted by a series of encouraging US and European earnings updates and further merger and acquisition activity. In contrast, bonds benefited from their traditionally defensive qualities in the face of heightened geopolitical risks; notably the ongoing fallout from the war in Ukraine. Credit markets were mixed for the quarter. Spreads on US and European investment-grade debt widened over the period amid heightened economic and geopolitical uncertainty, while spreads on their high-yield counterparts narrowed, albeit modestly. Emerging markets debt underperformed as higher interest rates in developed countries and a surging US dollar (USD) impacted demand for emerging markets assets. Australian bonds also underperformed over the period, with yields rising after the Reserve Bank of Australia (RBA) raised the official cash rate three times in response to rising inflation. Meanwhile, domestic credit markets were relatively flat for the quarter, with spreads widening only slightly over the period.

Global share markets fell in local currency terms amid further, aggressive central bank activity globally and growing recession fears. Australian shares outperformed their global counterparts despite the RBA raising interest rates; investors betting instead that the Bank may need to slow the pace at which it tightens monetary policy if growth slows too quickly.

<sup>3</sup> Allotments 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.

\* Reserve Bank of Australia Cash Rate + 1.7% until 04/05/2016 and CPI+2% thereafter.

# Russell Investments

## Multi-Asset Income Strategy Fund (continued)

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### Fund performance and outlook

The Fund's traditional fixed income portfolio was negatively impacted by the rise in government bond yields we saw over the period. Both the Russell Investments International Bond Fund – \$A Hedged and the Russell Investments Australian Bond Fund posted negative absolute returns for the quarter; though the latter did outperform its benchmark. Within our extended fixed income portfolio, both Metrics Credit (Australian bank loans) and the Russell Investments Floating Rate Fund recorded strong absolute returns due to their lower sensitivity to interest rate movements. The Russell Investments Emerging Market Debt Local Currency Fund also recorded positive absolute returns (in Australian dollar terms), though it narrowly underperformed its benchmark. We believe government bond valuations have improved, with US Treasuries now offering good value. UK bonds have also moved into bands which we believe offer good value; though there are concerns over the current economic situation in the UK and the volatility in bond markets caused by recent fiscal policy announcements and the Bank of England's response. We view German and Japanese bonds as moderately expensive. A positive for government bonds is that we believe markets have fully priced in hawkish outlooks for most central banks, which should limit the extent of any further selloff.

Within our global equity portfolio, both the Russell Investments Global Opportunities Fund and the Russell Investments Global Opportunities Fund – \$A Hedged posted negative absolute returns for the quarter; though the two funds did outperform their benchmarks. Both funds benefited from strong stock selection within emerging markets and Asia Pacific ex Japan. Our domestic equity portfolio was mixed for the quarter. Both the Russell Investments Australian Opportunities Fund and the Russell Investments High Dividend Australian Shares ETF recorded negative absolute returns but outperformed their benchmarks over the period, while Vinva's Australian Equitised Long-Short Fund underperformed due to weakness across the strategy's valuation and technical signals. We still prefer non-US developed equities over US equities. We believe non-US developed equities are relatively cheaper and likely to benefit from weakness in the USD should the US Federal Reserve become less hawkish.

More broadly, the Fund's exposures to global and domestic listed property weighed on overall performance. Property stocks were impacted by rising interest rates, recession fears and a further spike in long-term government bond yields. Meanwhile, a weaker Australian dollar boosted the returns of the Fund's assets denominated in foreign currency.

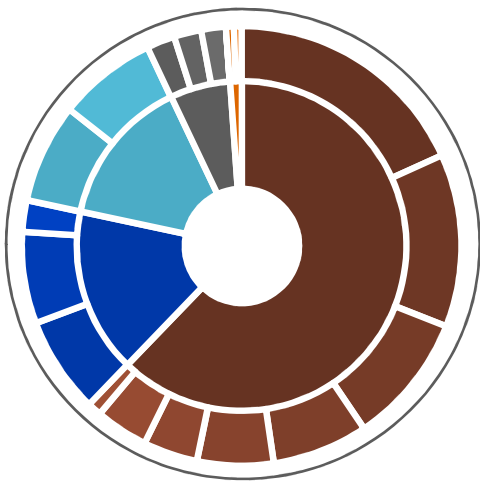
[Note: We removed Putnam's Fixed Income Opportunities Strategy (rates volatility strategy) toward the end of the quarter. The strategy provided strong absolute returns during 2022, as well as diversification benefits at the portfolio level. Given where markets are at now, together with the attractiveness of yields across traditional fixed income markets, we believe there are more predictable returns in these traditional asset classes.]

Moving forward, recession fears and central bank tightening will continue to drive market volatility. We believe equity markets are oversold and that US core inflation has likely peaked. In our view, this should help markets stabilise and possibly recover through the second half of 2022; though we acknowledge that heightened short-term market volatility is likely to persist given responses across markets to ongoing inflation prints and central bank rate hike decisions.

# Russell Investments Multi-Asset Income Strategy Fund (continued)

After researching the most effective strategies in each asset class, our team selects from the best of active management, passive and smart beta approaches. The Multi-Asset Income Strategy Fund (MAIS) also includes dynamic tactical positioning, which Russell Investments can implement either through changes to the manager mix and/or through direct management of custom portfolios which are designed to address specific sector and/or country strategies.

## Actual asset allocation as at 30 September 2022<sup>3</sup>



■	Russell Investments Australian Floating Rate Fund	18.2%	<b>Fixed Interest and Cash</b>	<b>62.2%</b>
■	Russell Investments Australian Bond Fund	12.7%		
■	Metrics Credit Partners	9.6%		
■	Russell Investments International Bond Fund - A\$ Hedged	7.0%		
■	Cash	5.6%		
■	Russell Investments Floating Rate Fund	4.0%		
■	Perpetual High Grade Treasury Fund	3.9%		
■	Russell Investments Extended Strategies Fund	1.0%		
■	Russell Investments Australian Opportunities Fund	7.1%		
■	Russell Investments High Dividend Australian Shares ETF	6.7%		
■	Vinva Australian Equitised Long-Short Fund	2.3%		
■	Russell Investments Global Opportunities Fund	7.3%	<b>International Shares</b>	<b>14.6%</b>
■	Russell Investments Global Opportunities Fund - A\$ Hedged	7.3%		
■	Russell Investments Global High Yield Fund	2.1%	<b>Alternatives</b>	<b>5.9%</b>
■	Russell Investments Global Listed Infrastructure Fund	2.0%		
■	Russell Investments Emerging Markets Debt Local Currency Fund	1.8%		
■	Amundi Absolute Volatility World Equities Fund	0.0%		
■	Russell Investments International Property Securities Fund	0.6%	<b>Property</b>	<b>1.1%</b>
■	Vanguard Australian Properties Securities Fund	0.6%		

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

# Russell Investments

## Multi-Asset Income Strategy Fund (continued)

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

The table below shows a selection of MAIS current strategies and highlights some of the MAIS managers.

ABSOLUTE RETURN	FIXED INCOME		EQUITIES		REAL ASSETS
Cash	Australian & International Bonds	High Yield, EMD & Floating Rate Credit	Australian Equities	Global Equities	Listed Infrastructure
Cash-benchmarked Strategies					
Perpetual	Macquarie	Barings	Vinva	Fiera	Cohen & Steers
	UBS	Hermes		Russell Investments	J O Hambro
	Western Asset	Colchester		Nissay	Nuveen
	BlueBay	First Eagle		Numeric	Russell Investments
	Schroders	ICG		Oaktree	
Bank Loans	Russell Investments	TwentyFour		RWC	Listed Property
Metrics Credit		Russell Investments		Sanders	Cohen & Steers
Volatility Strategies				Wellington	RREEF
				Russell Investments	Russell Investments
					Vanguard

<sup>4</sup> 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. The above does not represent an exhaustive list of the managers and strategies in the fund. Source: Russell Investments. Data as at September 2022.

#### 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 [www.russellinvestments.com.au](http://www.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

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