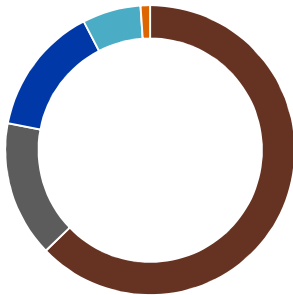


# Russell Investments Multi-Asset Income Strategy Fund

Asset allocation as at  
31 January 2023<sup>3</sup>



■ Fixed Int & Cash	62.8%
■ Int Shares	15.2%
■ Aust Shares	14.4%
■ Alternatives	6.5%
■ 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.

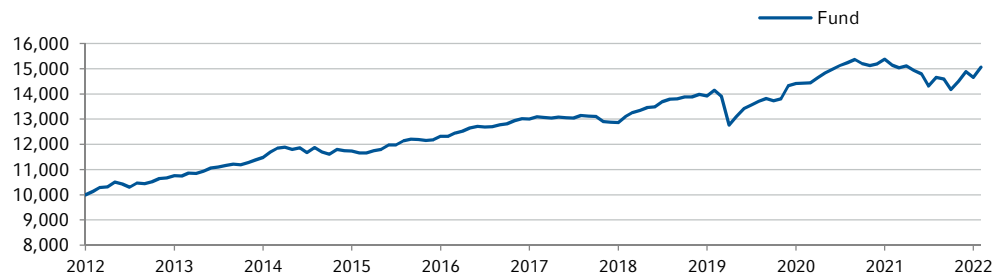
## Performance review<sup>1,2</sup>

Performance review	1 month %	3 months %	1 year %	3 years %p.a.	5 years %p.a.	Since inception %p.a.
Total return	2.77	3.85	-0.49	2.11	2.84	4.18
Distribution	0.49	0.49	5.79	5.01	4.10	4.22
Growth	2.28	3.36	-6.28	-2.90	-1.26	-0.04

<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



## Market

Global bonds made good gains in January. Longer-term government bond yields fell (prices rose) over the period, driven largely by expectations the world's major central banks will slow the pace of interest rate hikes amid further evidence that inflation has peaked. Headline inflation slowed in the US, Europe and the UK in the 12 months to 31 December; though it remains elevated by historical standards. Neither the US Federal Reserve (Fed), the European Central Bank (ECB) or the Bank of England (BoE) met in January, however all three banks raised interest rates in early February. As expected, the Fed lifted rates by a smaller increment of just 0.25%, with investors also encouraged by chairman Jerome Powell's rejection of the widely-held view that additional rate hikes will lead to a recession in the world's biggest economy. Meanwhile, the ECB and the BoE each raised rates by a further 0.50%, which was in line with their most recent moves as well as market expectations. Both the ECB and the BoE reduced the size of their interest rate hikes from 0.75% to 0.50% in December amid signs that inflationary pressures were beginning to ease. Credit markets were stronger, driven by optimism surrounding China's reopening and the general 'risk on' tone that permeated markets throughout much of the period. Australian bonds outperformed their global peers in January, while domestic credit markets strengthened.

Global share markets performed well in January. Australian shares outperformed their global counterparts, though the local market's gains were tempered by stronger-than-expected inflation data.

<sup>3</sup> Allotments 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.

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

## Fund facts

### Share class

Class A

### Performance objective as at 31 December 2022

CPI +2%\*

3 Months % 2.37

1 Year % 9.83

3 Years % p.a. 6.03

### Inception date

12 December 2012

### Fund size

AUD 169.47m

### APIR code

RIM0089AU

### ARSN code

160-347-384

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

0.84%

### Performance fees<sup>‡</sup>

0.01%

# Russell Investments

## Multi-Asset Income Strategy Fund (continued)

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### Fund performance and outlook

The Fund's global equity portfolio contributed positively to performance over the period, with both the Russell Investments Global Opportunities Fund and the Russell Investments Global Opportunities Fund – \$A Hedged outperforming their respective benchmarks. The two funds benefited from strong stock selection in emerging markets; notably an ex-benchmark holding in Taiwan Semiconductor Manufacturing Co. and an overweight to China's Alibaba Group. In terms of domestic equities, the Russell Investments High Dividend Australian Shares ETF recorded strong absolute returns in January, while the Russell Investments Australian Opportunities Fund (RAOF) underperformed its benchmark; though it did record positive absolute performance for the month. RAOF's underperformance was driven in part by poor stock selection within the materials space, including underweights to lithium producer Pilbara Minerals and iron ore major BHP Group. Vinva's Australian Equitised Long-Short Fund also underperformed in January; the strategy impacted by its valuation and segmentation signals. However, like RAOF, Vinva's Australian Equitised Long-Short Fund did record strong absolute returns for the month. We maintain a diversified equity exposure across both global and Australian markets. 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 US dollar should the Fed become less hawkish.

Within the Fund's traditional fixed income portfolio, the Russell Investments International Bond Fund – \$A Hedged and the Russell Investments Australian Bond Fund delivered positive absolute and excess returns in January. Both funds benefited from their overweight to credit as spreads tightened over the period. In terms of our extended fixed income exposure, global high-yield debt, the Russell Investments Emerging Market Debt Local Currency Fund and the Russell Investments Australian Floating Rate Fund all delivered positive absolute returns over the period. Metrics Credit also performed well, with Australian loans continuing to generate income-like returns. 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, as have German bunds. However, 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 BoE's response. Japanese bond valuations have begun to improve with recent changes to the Bank of Japan's yield curve control policy, though the Bank's key short-term interest rate remains low at -0.10%. A positive for government bonds is that we believe markets have fully priced in hawkish outlooks for most central banks. In our view, this should limit the extent of any further selloff.

The Fund also benefited from its exposures to global listed infrastructure and global and Australian listed property; all of which performed well against a backdrop of declining government bond yields.

Meanwhile, a stronger Australian dollar impacted the returns of the Fund's assets denominated in foreign currency.

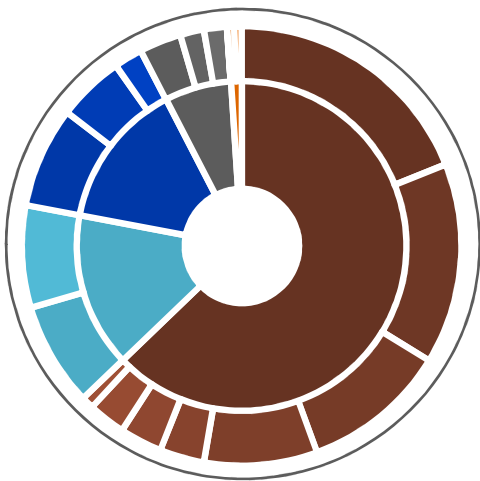
Moving forward, recession fears and central bank tightening will continue to drive market volatility. Share markets have bounced considerably since their recent lows amid expectations that inflation may have peaked. This is consistent with our view that markets would stabilise and possibly even recover through the second half of 2022. However, we acknowledge that heightened short-term market volatility is likely to remain 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 31 January 2023<sup>3</sup>



■	Russell Investments Australian Floating Rate Fund	19.0%		
■	Russell Investments Australian Bond Fund	14.8%		
■	Metrics Credit Partners	10.7%		
■	Russell Investments International Bond Fund - A\$ Hedged	8.3%		
■	Russell Investments Floating Rate Fund	3.3%		
■	Perpetual High Grade Treasury Fund	3.1%		
■	Cash	2.7%		
■	Russell Investments Extended Strategies Fund	0.9%		
■	Russell Investments Global Opportunities Fund - A\$ Hedged	7.6%		
■	Russell Investments Global Opportunities Fund	7.5%		
■	Russell Investments Australian Opportunities Fund	7.4%		
■	Russell Investments High Dividend Australian Shares ETF	4.9%		
■	Vinva Australian Equitised Long-Short Fund	2.1%		
■	Russell Investments Global High Yield Fund	3.1%		
■	Russell Investments Global Listed Infrastructure Fund	1.8%		
■	Russell Investments Emerging Markets Debt Local Currency Fund	1.7%		
■	Amundi Absolute Volatility World Equities Fund	0.0%		
■	Vanguard Australian Properties Securities Fund	0.5%		
■	Russell Investments International Property Securities Fund	0.5%		
			<b>Fixed Interest and Cash</b>	<b>62.8%</b>
			<b>International Shares</b>	<b>15.2%</b>
			<b>Australian Shares</b>	<b>14.4%</b>
			<b>Alternatives</b>	<b>6.5%</b>
			<b>Property</b>	<b>1.1%</b>

<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 UBS Western Asset BlueBay Schroders	Barings Hermes DDJ(Polen Capital) Colchester First Eagle ICG TwentyFour Russell Investments	Vinva Russell Investments	StonePine(Fiera) J O Hambro Nissay Numeric Oaktree RWC Sanders Wellington Russell Investments	Cohen & Steers First Sentier Nuveen Russell Investments
Bank Loans	Russell Investments				Listed Property
Metrics Credit					Cohen & Steers RREEF
Volatility Strategies					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 January 2023.

#### Contact Russell Investments

For further information about Russell Investments please visit [russellinvestments.com.au](http://russellinvestments.com.au)

#### Important information

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