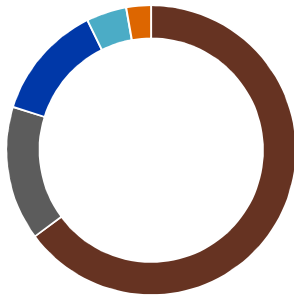


# Russell Investments Multi-Asset Income Strategy Fund

Asset allocation as at  
31 December 2021<sup>3</sup>



Fixed Int & Cash	64.9%
Aust Shares	15.0%
Int Shares	12.9%
Alternatives	4.5%
Property	2.8%

### 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	1.21	1.17	6.63	6.11	4.54	4.92
Distribution	-	0.21	4.38	4.41	3.81	4.06
Growth	1.21	0.95	2.25	1.70	0.73	0.86

### Fund facts

#### Share class

Class A

#### Performance objective as at 30 September 2021

CPI +2%*	
3 Months %	1.25
1 Year %	5.01
3 Years % p.a.	3.79

#### Inception date

12 December 2012

#### Fund size

AUD 105.27m

#### APIR code

RIM0089AU

#### ARSN code

160-347-384

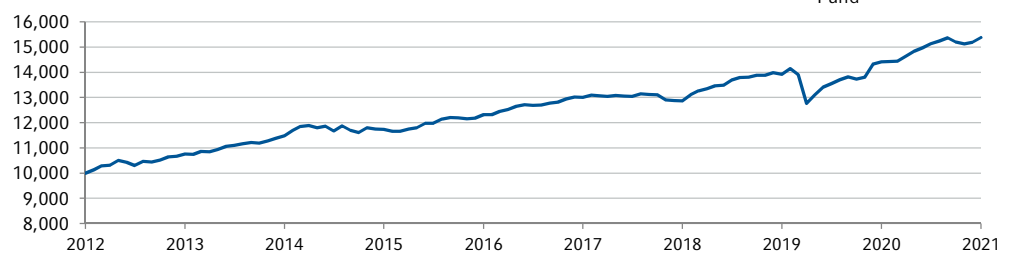
#### Management fees and costs<sup>†</sup>

0.84%

#### Performance fees<sup>‡</sup>

0.03%

### Growth of \$10,000<sup>1</sup>



### Market

Global bonds were flat in the December quarter. Longer-term government bond yields rose slightly (prices fell) over the period, driven largely by central bank tapering and tighter monetary policy globally. Offsetting this were fears that rising COVID-19 infections across the globe will hinder the recovery, the discovery of Omicron and softer US and Chinese growth. In credit markets, spreads on US and European investment-grade debt widened over the period. Spreads on European high-yield debt were also wider, while their US equivalents tightened, albeit slightly. Australian bonds underperformed their global counterparts over the period, with the yield on domestic 10-year government debt rising on the back of easing virus-related restrictions in New South Wales and Victoria and speculation the Reserve Bank of Australia may raise interest rates sooner than expected following a sharp rise in underlying inflation. Meanwhile, domestic credit markets were weaker for the quarter, with spreads widening over the period.

Global share markets made strong gains in the December quarter, driven largely by a series of encouraging US and European earnings results, further corporate activity and Beijing's vow to prioritise economic stability in 2022. Australian shares tracked their global peers higher over the period.

<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 domestic equity portfolio contributed positively to performance, with the Russell Investments Australian Factor Exposure Fund (RAFEF) delivering positive absolute and benchmark-relative returns for the quarter. RAFEF benefited largely from its momentum exposure. The Russell Investments High Dividend Australian Shares ETF also recorded positive absolute returns, while Vinva's Australian Equitised Long-Short Fund performed well on the back of strong stock selection and positive contributions from each of the strategy's signal buckets. Within our global equity portfolio, both the Russell Investments Global Opportunities Fund and the Russell Investments Global Opportunities Fund – \$A Hedged delivered strong absolute returns for the quarter but underperformed their benchmarks. Both funds were impacted by an underweight to the strong-performing US market and an overweight to emerging markets, which underperformed their developed counterparts over the period. Moving forward, we maintain a diversified equity exposure across both global and Australian markets. The strong business cycle means we prefer the value equity factor over the growth factor and non-US equities over US equities. We also believe emerging market valuations are relatively more attractive.

The Fund's credit positioning was also positive for the quarter; notably our exposures to extended fixed income assets such as Australian bank loans and global floating rate credit. We still view high-yield and investment-grade debt as expensive; though both should continue to benefit from an environment of improving corporate profits and low default rates.

In contrast, our investments in Amundi's Absolute Volatility World Equities Fund – \$A Hedged (long volatility strategy) and Putnam's Fixed Income Opportunities strategy (rates volatility strategy) detracted from overall performance. Equity and rates volatility increased in the early part of the period amid the discovery of Omicron and tighter monetary policy globally but eased toward the end of the quarter.

Within our fixed income portfolio, both the Russell Investments International Bond Fund – \$A Hedged and the Russell Investments Australian Bond Fund delivered negative absolute returns over the period; though the latter did outperform its benchmark, albeit modestly. We believe government bond yields will rise as economic growth improves and central banks look to taper their asset purchases.

In the currency space, our overweight to the Japanese yen, which fell against the US dollar, weighed on overall performance in the fourth quarter. A stronger Australian dollar also impacted the returns of the Fund's assets denominated in foreign currency.

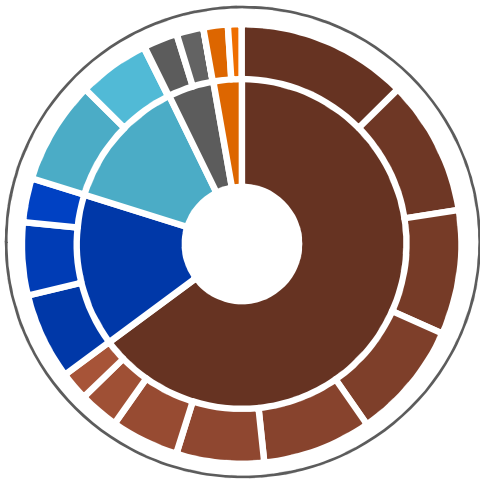
Moving forward, near-term risks include COVID-19 variants proving resilient to vaccines and/or an escalation in infection rates during the Northern Hemisphere winter. Other watchpoints include inflation (and central banks' responses) and a sharper-than-expected slowdown in China; though Beijing has already moved to ease policy and signalled that more stimulus may be on the way.

# 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 December 2021<sup>3</sup>



■	Russell Investments Australian Bond Fund	12.6%		
■	Russell Investments Australian Floating Rate Fund	9.9%		
■	Russell Investments Absolute Return Bond Fund	9.2%		
■	Metrics Credit Partners	8.6%		
■	Russell Investments Floating Rate Fund	8.0%	<b>Fixed Interest and Cash</b>	<b>64.9%</b>
■	Russell Investments International Bond Fund - A\$ Hedged	6.4%		
■	Perpetual High Grade Treasury Fund	5.0%		
■	Russell Investments Extended Strategies Fund	2.9%		
■	Cash	2.1%		
■	Russell Investments Australian Factor Exposure Fund	6.4%		
■	Russell Investments High Dividend Australian Shares ETF	5.4%	<b>Australian Shares</b>	<b>15.0%</b>
■	Vinva Australian Equitised Long-Short Fund	3.2%		
■	Russell Investments Global Opportunities Fund - A\$ Hedged	7.6%		
■	Russell Investments Global Opportunities Fund	5.2%	<b>International Shares</b>	<b>12.9%</b>
■	International Shares - Derivatives	0.1%		
■	Russell Investments Global Listed Infrastructure Fund	2.5%		
■	Russell Investments Emerging Markets Debt Local Currency Fund	2.0%	<b>Alternatives</b>	<b>4.5%</b>
■	Amundi Absolute Volatility World Equities Fund	0.0%		
■	Russell Investments Global High Yield Fund	0.0%		
■	Vanguard Australian Properties Securities Fund	1.8%	<b>Property</b>	<b>2.8%</b>
■	Russell Investments International Property Securities Fund	1.0%		

# Russell Investments

## Multi-Asset Income Strategy Fund (continued)

### Portfolio structure\*

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	AMP Capital	Barings	Vinva	Fiera	Cohen & Steers
	UBS	DDJ	Russell Investments	J O Hambro	First Sentier
	Western Asset	Hermes		Nissay	Nuveen
	BlueBay	Lazard		Numeric	Russell Investments
	Schroders	GLG Partners		Oaktree	
Bank Loans	Russell Investments	Colchester		RWC	Listed Property
Metrics Credit		THL		Sanders	Cohen & Steers
		Voya		Wellington	RREEF
Volatility Strategies		TwentyFour		Russell Investments	Russell Investments
		ICG			Vanguard
Putnam		Russell Investments			

The above does not represent an exhaustive list of the managers and strategies in the fund. Source: Russell Investments. Data as at December 2021.

#### 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

#### Footnotes

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

#### Important information

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