

Russell Investments Global Opportunities Fund - \$NZ Hedged

Fund facts

Inception date

31 March 2005

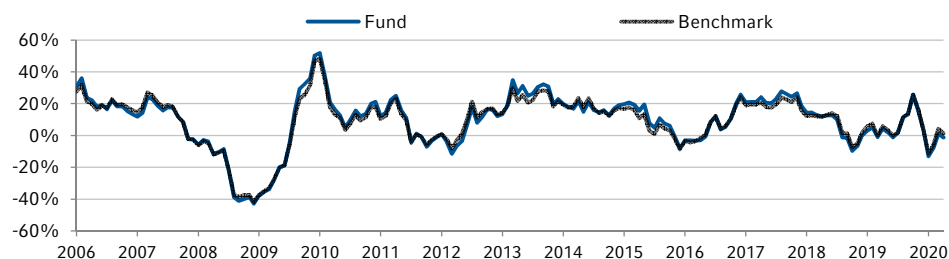
Benchmark

MSCI ACWI Index - 100%
Hedged to NZD - Net

Currency

NZD

Rolling 1 year performance history



Performance review

Period ending 30/06/2020	1 month %	3 months %	1 year %	3 years %p.a.	5 years %p.a.	Since inception %p.a.
Gross fund performance	2.5	17.0	-1.3	4.8	6.7	8.2
Benchmark return	2.8	17.9	1.4	6.3	7.3	8.0
Excess return	-0.3	-1.0	-2.7	-1.4	-0.6	0.3

Past performance is not a reliable indicator of future performance. Performance data shown is gross of fees, charges or taxes and is not in any way an indicator of the net return to you as an investor. Performance is calculated on the exit price.

* MSCI World Net - \$NZ Hedged Index until 31/12/2010, Russell Global Large Cap \$NZ Hedged - Net until 30/09/2018 and MSCI ACWI Index - 100% Hedged to NZD - Net thereafter.

Fund commentary

The Russell Investments Global Opportunities Fund (NZD hedged) underperformed the benchmark in the June quarter.

Contributing to the Fund's underperformance was poor stock selection in the US; including an underweight to Amazon.com, which gained more than 25% over the period. Amazon.com remains our largest underweight position as we believe the company is significantly overvalued. Other notable US positions to impact returns were a zero exposure to electric car maker, Tesla, and underweights to Apple and NVIDIA Corp. All three stocks posted strong, double-digit gains in the second quarter. We maintain our preference for non-US equities over US equities; a view driven largely by expensive relative valuations. We also believe the post-coronavirus recovery will see corporate profits improve; a scenario that could favour cyclical and value stocks over defensive and growth names. Performance was also impacted by poor stock selection in Asia Pacific ex Japan, including an overweight to South Korea's Samsung Electronics. In terms of sectors, stock selection was weakest within the healthcare space; notably overweight exposures to Switzerland's Roche Holding AG and US pharmaceutical giant, Pfizer. Performance was further impacted by our active positioning strategy (APS). Our APS complements the Fund's active managers, ensuring reliable exposure to our strategic beliefs at the total portfolio level. The APS was positioned in favour of value and quality to complement our strategic factor positioning. Value continued to underperform growth over the period, while our defensive quality exposure struggled amid the 'risk on' tone that permeated financial markets throughout the quarter.

In contrast, several of the Fund's regional specialists performed well, with the likes of Nissay Asset Management (Japan) and RWC Partners (emerging markets) rebounding strongly from the declines we saw in the first quarter. In particular, the Fund benefited from an ex-benchmark holding in Japanese amusement store chain, ROUND ONE Corp., and overweights to Taiwan's MediaTek and South African miner, AngloGold Ashanti. Other key holdings to add value during the period were overweights to US names MercadoLibre, D.R. Horton and Square, and short positions in the UK's HSBC and Royal Dutch Shell.

There were no material changes to either the Fund's structure or manager line up during the period. In terms of overall positioning, we increased our overweight to the UK, while reducing our overweights to Continental Europe, emerging markets and Japan. We also reduced the Fund's underweight to Asia Pacific ex Japan and extended our underweight to the US, albeit modestly.

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Sector allocation

	Fund	Benchmark
Information Technology	20.2%	20.8%
Financials	15.8%	13.5%
Health Care	12.1%	12.9%
Consumer Discretionary	12.1%	11.8%
Communication Services	9.5%	9.3%
Industrials	8.7%	9.4%
Consumer Staples	7.5%	8.1%
Materials	7.2%	4.6%
Energy	3.4%	3.6%
Utilities	2.0%	3.2%
Real Estate	1.5%	2.9%

Geographic exposure

	Fund	Benchmark
North America	55.8%	60.3%
EMEA ex United Kingdom	15.7%	13.7%
Emerging Markets	13.4%	12.0%
Japan	6.8%	7.0%
United Kingdom	5.3%	3.9%
Asia Pacific ex Japan	2.8%	3.2%
Other	0.2%	-

Top ten holdings

Security
Apple Inc.
Microsoft Corporation
Taiwan Semiconductor Manufacturing Co., Ltd.
Samsung Electronics Co., Ltd.
Roche Holding AG
Facebook, Inc. Class A
Amazon.com, Inc.
Nestle S.A.
Tencent Holdings Ltd.
Mastercard Incorporated Class A

Portfolio structure

Manager	Style	Strategic weight %
Fiera Capital	Core global equities	15.0
J O Hambro Capital Management	UK equity dynamic	8.0
Oaktree Capital	Emerging markets	8.0
Numeric Investors	Core global equities, global low volatility	12.0
Nissay Asset Management	Japanese equities	8.0
Russell Investments	Positioning strategies	18.0
RWC Partners	Global emerging markets	7.0
Sanders Capital, LLC	Core global value	15.0
Wellington Management Company LLP	Core global growth horizons	9.0

30 June 2020



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Footnotes

All information contained in this document is for the current reporting period unless otherwise stated.

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