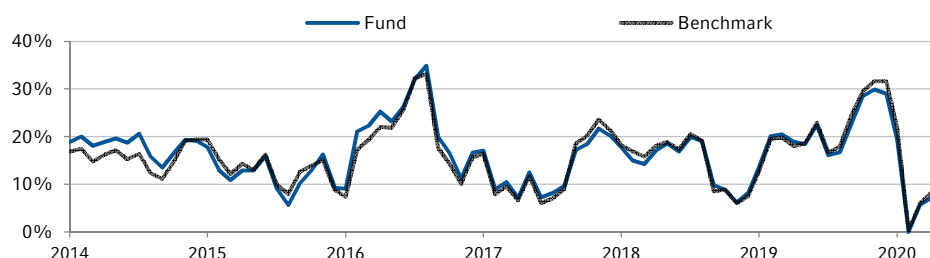


Russell Investments NZ Shares Fund

Fund facts
Inception date
14 February 2013
Benchmark
S&P/NZX 50 Index (gross) and including imputation credits
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	5.5	17.0	9.3	15.3	16.3	16.1
Benchmark return*	5.3	16.9	9.9	15.7	16.1	15.9
Excess return	0.2	0.0	-0.6	-0.4	0.2	0.1

*From 1 July 2016 this is S&P/NZX 50 Index (gross and including imputation credits). Prior to 30 June 2016 this was the Russell New Zealand Domestic Index including imputation credits (previously known as the Russell NZ Tradable Gross Index). Prior to 1 December 2014 the benchmark was the NZX50 Index including imputation credits. Performance is calculated on the exit price.

Fund commentary

The Russell Investments New Zealand Shares Fund outperformed the benchmark for the June quarter.

Gains were driven by expectations that economic activity would pick up as the government reduced the COVID-19 restrictions. Stocks also benefited from reports that a vaccine may be close (though an effective vaccine ultimately failed to materialise) as well as continued fiscal and monetary policy support. This included the government's decision to change the criteria for the virus wage subsidy scheme to allow more businesses to claim and the Reserve Bank of New Zealand's announcement that it would almost double its bond-buying program to \$60 billion. Sentiment was further buoyed by a surge in retail spending and improved business confidence; though both are well below pre-pandemic levels. Stocks were also well supported by the strong gains for the quarter in the US, Japan and Europe.

Limiting the market's gains was a disappointing first-quarter growth and rising unemployment, with the local economy shrinking 1.6%. This being the worst reading in 29 years. With growth certain to decline further in the second quarter, the economy looks set to enter recession for the first time since the global financial crisis over a decade ago. Stocks were also impacted by Sino-US tensions after Washington began the process of eliminating Hong Kong's special trade status in response to Beijing's move to impose a new national security law on the former British colony. However, the Trump Administration stressed that the phase 1 trade deal between the two countries, signed earlier this year, remained intact. Sentiment was further impacted by growing concerns a potential second wave of coronavirus infections could derail the global recovery.

Moving forward, the major risks to our outlook include a second wave of virus infections and the US elections in November. The other risk is a re-escalation of the US-China trade war.

In New Zealand, expectations are that the economy can recover as government restrictions are lifted. The key travel and tourism sectors will remain challenged for some time, but the broader recovery should continue through the second half of the year. Importantly, New Zealand remains relatively well placed to benefit from continued demand from China and the broader Asia region for our key commodities and products.

Russell Investments NZ Shares Fund

The following information provides the investment and exposures within the underlying investment portfolio. Please note that this information is indicative only and is provided for general purposes only.

Portfolio information

	Fund	Benchmark
Number of equity issuers	54	50
Migrant investor - eligibility	Foreign investment variable rate PIE	

Fund structure

	Strategic weight %
Devon Funds Management	40
Harbour Asset Management	40
Russell Investments	20

Top 10 holdings

	Fund %	Index %
a2 Milk Company Ltd.	15.8%	12.6%
Fisher & Paykel Healthcare Corporation	14.9%	17.3%
Spark New Zealand Limited	9.4%	7.1%
Contact Energy Limited	6.0%	3.8%
Meridian Energy Limited	5.6%	5.1%
Auckland International Airport Limited	4.8%	6.6%
Mainfreight Limited	4.8%	2.8%
Metlifecare Limited	2.6%	0.7%
EBOS Group Limited	2.6%	2.4%
Fletcher Building Limited	2.5%	2.6%

Investment performance and positions

The performance in this fact sheet is gross of fees and tax. Investors should also refer to the quarterly Fund Update, which is available on www.iisolutions.co.nz and www.business.govt.nz/disclose

Important Information

This Report/Presentation is provided by Russell Investment Management Ltd (Russell Investments) in good faith and is designed as a summary to accompany the Product Disclosure Statement for the Russell Investment Funds (Funds). The Product Disclosure Statement is available from Russell Investments, or the issuer Implemented Investment Solutions Limited (IIS), and on <https://disclose-register.companiesoffice.govt.nz/>. The information contained in this Report/Presentation is not an offer of units in the Fund or a proposal or an invitation to make an offer to sell, or a recommendation to subscribe for or purchase, any units in the Fund. If you are making an investment directly then you will be required to complete the application form, which can be obtained from the Manager. The information and any opinions in this Report/Presentation are based on sources that Russell Investments believes are reliable and accurate. Russell Investments, its directors, officers and employees make no representations or warranties of any kind as to the accuracy or completeness of the information contained in this fact sheet and disclaim liability for any loss, damage, cost or expense that may arise from any reliance on the information or any opinions, conclusions or recommendations contained in it, whether that loss or damage is caused by any fault or negligence on the part of Russell Investments, or otherwise, except for any statutory liability which cannot be excluded. All opinions reflect Russell Investments' judgment on the date of this Report/Presentation and are subject to change without notice. This disclaimer extends to IIS, and any entity that may distribute this publication. The information in this Report/Presentation is not intended to be financial advice for the purposes of the Financial Advisers Act 2008. In particular, in preparing this document, Russell Investments did not take into account the investment objectives, financial situation and particular needs of any particular person. Professional investment advice from an appropriately qualified adviser should be taken before making any investment. Past performance is not necessarily indicative of future performance, unit prices may go down as well as up and an investor in the fund may not recover the full amount the capital that they invest. No part of this document may be reproduced without the permission of Russell Investments or IIS. IIS is the issuer and manager of the Russell Investment Funds. Russell Investments is in the investment manager of the Russell Investment Funds.