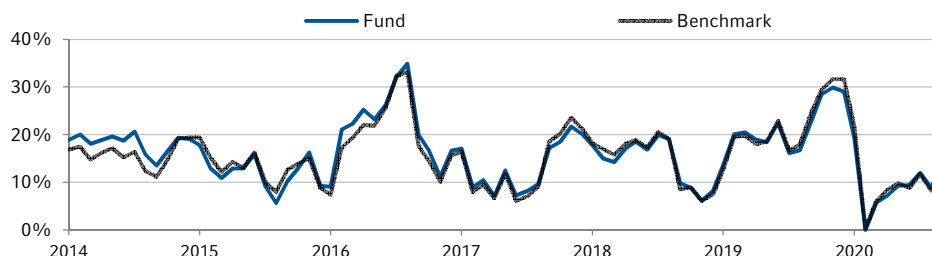


Russell Investments NZ Shares Fund

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 31/10/2020	1 month %	3 months %	1 year %	3 years %p.a.	5 years %p.a.	Since inception %p.a.
Gross fund performance	3.2	2.7	13.8	15.3	16.6	16.2
Benchmark return*	2.9	3.3	12.7	15.1	16.3	15.9
Excess return	0.3	-0.5	1.0	0.3	0.3	0.4

*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 exit price.

Fund commentary

The Russell Investments NZ Shares Fund outperformed the benchmark in October.

Much of the Fund's outperformance was driven by strong stock selection within the industrials and healthcare sectors. Within the industrials space, our overweights to Mainfreight and Freightways and an underweight to Auckland International Airport added the most value over the period. Mainfreight hit an all-time high in October after the company reported an increase in business activity in the first half of its 2021 financial year. Healthcare positions to add value were overweights to Summerset Group, Pacific Edge and EBOS Group. All three stocks remain amongst our largest overweight holdings. Other key positions to add value during the month were underweights to Chorus Ltd. and Vital Healthcare Property Trust and a zero exposure to Vector. In contrast, a material underweight to the strong-performing utilities space weighed the most on overall performance in October. This included names such as Infratil, Mercury NZ and Genesis Energy; all of which posted strong gains for the month. An overweight to the consumer staples sector also detracted from returns; much of which was driven by our holdings in a2 Milk Company and Sanford. a2 Milk Company fell after management lowered its 2021 sales and earnings guidance in the wake of the collapse of Australia's daigou market. Other notable holdings to impact returns were our overweights to Kathmandu, Vista Group International and Spark New Zealand. Meanwhile, the Fund's factor positioning strategy outperformed in October, benefiting in part from its value exposure. This included overweights to Summerset Group and Kiwi Property Group. The strategy also benefited from its quality exposure; notably an overweight to Oceania Healthcare. An underweight to defensive names such as Auckland International Airport and Chorus Ltd. added further value.

In terms of overall positioning, we increased the Fund's holding in Mainfreight over the period. We also reduced our exposures to a2 Milk Company, Auckland International Airport, Spark New Zealand and Meridian.

Moving forward, the Fund is most overweight healthcare. We also favour consumer-related names, materials and industrials. In contrast, the Fund is most underweight utilities, real estate and communication services; sectors where we believe valuations are high relative to their growth prospects.

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 %
Fisher & Paykel Healthcare Corporation	15.9%	16.2%
a2 Milk Company Ltd.	9.5%	8.7%
Spark New Zealand Limited	7.3%	6.6%
Auckland International Airport Limited	5.5%	6.8%
Mainfreight Limited	5.5%	3.7%
Ryman Healthcare Ltd.	4.8%	4.7%
Meridian Energy Limited	4.7%	5.3%
Contact Energy Limited	4.5%	4.3%
EBOS Group Limited	4.3%	2.7%
Summerset Group Holdings Limited	4.1%	1.9%

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

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