

# Russell Investments Global Shares Fund

## Fund facts

### Inception date

14 November 2012

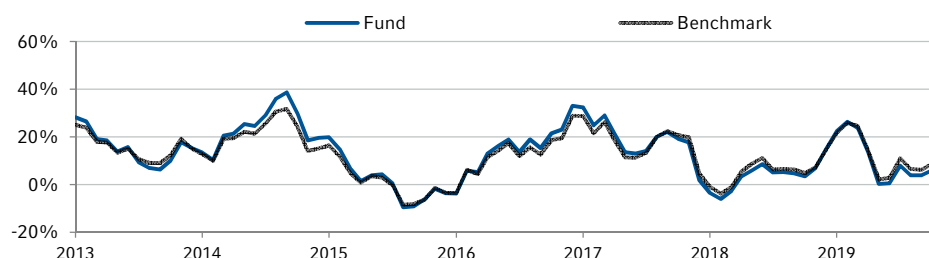
### Benchmark

MSCI ACWI Index - Net

### Currency

NZD

## Rolling 1 year performance history



## Performance review

Period ending 30/09/2020	1 month %	3 months %	1 year %	3 years %p.a.	5 years %p.a.	Since inception %p.a.
Gross fund performance	-0.9	4.6	1.5	8.5	9.1	13.1
Benchmark return*	-1.0	5.3	4.8	10.4	9.6	12.8
Excess return	0.1	-0.7	-3.3	-1.9	-0.6	0.4

Note: Past performance is not indicative 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.

\* MSCI World Net Index until 31/12/2010, Russell Global Large Cap - Net Index until 30/09/2018 and MSCI ACWI Index - Net thereafter. Performance is calculated on exit price.

## Fund commentary

The Russell Investments Global Shares Fund underperformed the benchmark in the September quarter.

Contributing to the Fund's underperformance was an overweight exposure and poor stock selection in the UK, including overweights to Barclays and Vodafone; both of which posted sizable declines for the quarter. Our long-held underweight to the US also weighed on returns after stocks there hit record highs. We maintain our preference for non-US equities over US equities; a view driven largely by expensive relative valuations. Moreover, we believe the market looks set for a rotation away from technology/growth leadership toward cyclical/value stocks. This implies a rotation toward non-US stocks which, in our opinion, would likely benefit Europe and emerging markets the most. Poor stock selection in China also weighed on performance; notably underweights to Meituan Dianping and Xiaomi Corp. Other notable positions to impact returns were a zero exposure to electric car maker, Tesla, and underweights to Apple and NVIDIA Corp. 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, particularly deeper value names, continued to underperform growth over the period; though this was partly offset by our quality exposure. We maintain our preference for value stocks as value is as cheap as it's been since 2000, while our more defensive quality tilt aims to reduce risk and lower beta.

In contrast, an overweight exposure and positive stock selection in emerging markets added the most value over the period. Much of this was driven by a material overweight to Taiwan Semiconductor Manufacturing Co., which jumped almost 36% for the quarter. Taiwan Semiconductor Manufacturing Co. remains our largest overweight holding. Stock selection was also positive in Japan and Asia Pacific ex Japan; the latter including an ex-benchmark exposure to Hong Kong-listed Alibaba Group. An underweight exposure and strong stock selection within the energy space added further value over the period; notably an underweight to the UK's Royal Dutch Shell and an overweight to India's Reliance Industries. Other key positions to contribute positively to returns were overweights to US names D.R. Horton, Lennar Corp. and Square.

There were no material changes to either the Fund's structure or manager line up during the period. In terms of overall positioning, we reduced our underweight to North America and increased our overweights to emerging markets and Japan over the quarter. We also reduced the Fund's overweights to Continental Europe and the UK and shifted from a modest underweight to Asia Pacific ex Japan to a modest overweight.

# Russell Investments Global Shares Fund

## Sector allocation

	Fund	Benchmark
Information Technology	19.3%	21.7%
Financials	15.4%	12.5%
Consumer Discretionary	15.2%	12.9%
Health Care	10.8%	12.6%
Communication Services	9.3%	9.3%
Industrials	9.1%	9.6%
Materials	7.1%	4.8%
Consumer Staples	7.0%	8.0%
Energy	2.8%	2.9%
Utilities	2.4%	3.1%
Real Estate	1.5%	2.8%
Other	0.1%	-

## Geographic exposure

	Fund	Benchmark
North America	56.5%	61.0%
EMEA ex United Kingdom	15.0%	13.4%
Emerging Markets	13.0%	12.2%
Japan	7.8%	6.9%
Asia Pacific ex Japan	3.6%	3.0%
United Kingdom	3.3%	3.6%
Other	0.8%	-

## Top ten holdings

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

# Russell Investments Global Shares Fund

## Portfolio structure

Manager	Style	Strategic weight %
Fiera Capital	Core global equities	15.0
J O Hambro Capital Management	UK equity dynamic	8.0
Nissay Asset Management	Japanese equities	8.0
Numeric Investors	Core global equities, global low volatility	12.0
Oaktree Capital	Emerging markets	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

## 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](http://www.iisolutions.co.nz) and [www.business.govt.nz/disclose](http://www.business.govt.nz/disclose)

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