

Russell Investments Emerging Markets Fund

Fund facts

Inception date

30 April 2007

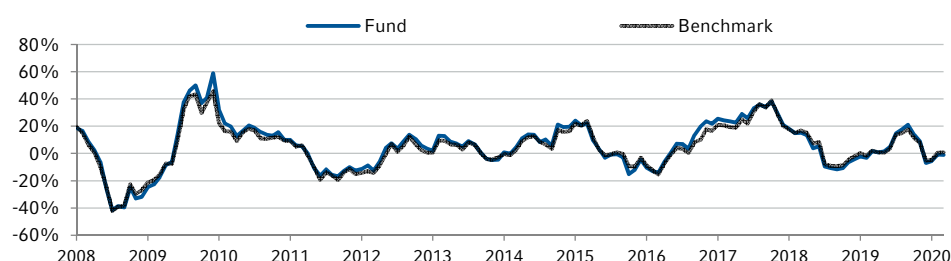
Benchmark

MSCI Emerging Markets Index - 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	3.2	9.2	-1.0	5.1	4.3	4.8
Benchmark return*	3.3	8.7	0.8	6.3	3.9	4.0
Excess return	0.0	0.5	-1.8	-1.2	0.4	0.8

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. Performance is calculated on the exit price.

* MSCI Emerging Markets Free Index 31/12/2008, MSCI Emerging Markets Net Index until 31/12/2010, Russell Emerging Markets - Net Index until 31/12/2017 and MSCI Emerging Markets Net Index thereafter.

Fund commentary

The Russell Investments Emerging Markets Fund outperformed the benchmark in the June quarter.

Contributing to the Fund's outperformance was strong stock selection in Taiwan, including technology name MediaTek. The Fund also benefited from an overweight exposure to Russia; notably select energy names such as Lukoil and Yandex NV. Both stocks performed well on the back of stronger oil prices, which jumped 91.7% over the quarter after OPEC and its oil-producing allies, including Russia, agreed to cut output. An ex-benchmark exposure to Vietnam added further value over the period. In particular, the Fund benefited from its exposure to industrial manufacturer, Hoa Phat Group, which remains one of our largest overweight positions. At the sector level, stock selection was strongest within the materials space. In addition to our holding in Hoa Phat Group, this included overweights to South Africa's AngloGold Ashanti and South Korea's LG Chem Ltd. Other notable positions to add value over the quarter were ex-benchmark holdings in Argentina's MercadoLibre and an underweight to China's Alibaba Group. Stock selection within the consumer staples space was also positive for the quarter. In terms of strategic factor positioning, the Fund's exposures to momentum and the small- and mid-cap areas of the market contributed positively to overall returns. Momentum was the strongest-performing factor over the period, while small caps outperformed their larger counterparts. Partly offsetting this was our tilt toward value stocks, which continued to underperform growth names.

In contrast, poor stock selection in China detracted the most from performance over the period, including underweights to Meituan Dianping and Tencent Holdings. Both stocks are amongst our largest underweight holdings. Stock selection in South Korea also weighed on returns; notably overweights to SK Hynix, KB Financial Group and Samsung Electronics. Other key positions to impact performance were an overweight to Turkiye Garanti Bankasi Anonim Sirketi and an underweight to Malaysia's Top Glove Corporation Bhd.

Moving forward, we maintain underweight exposures to China, Thailand and Malaysia. The Fund is also overweight Russia, Brazil and South Korea and maintains positive factor exposures to both value and momentum; which is in line with our strategic preferences. At the sector level, the Fund is most overweight materials, consumer staples and financials.

Russell Investments Emerging Markets Fund

Sector allocation

	Fund	Benchmark
Information Technology	20.0%	16.9%
Financials	18.8%	19.2%
Consumer Discretionary	14.9%	17.4%
Communication Services	11.4%	13.4%
Materials	8.3%	6.8%
Consumer Staples	7.0%	6.5%
Energy	5.8%	6.0%
Industrials	4.4%	4.6%
Health Care	4.2%	4.3%
Real Estate	2.5%	2.6%
Utilities	1.9%	2.3%
Other	0.7%	0.0%

Geographic exposure

	Fund	Benchmark
China	36.9%	41.0%
South Korea	13.5%	11.6%
Taiwan	12.4%	12.3%
India	7.3%	8.0%
Brazil	6.0%	5.1%
Russia	5.2%	3.2%
South Africa	3.7%	3.8%
Mexico	1.7%	1.7%
Indonesia	1.3%	1.5%
Other	12.0%	11.8%

Top ten holdings

Security
Tencent Holdings Ltd.
Taiwan Semiconductor Manufacturing Co., Ltd.
Alibaba Group Holding Ltd.
Samsung Electronics Co., Ltd.
SK Hynix Inc
LUKOIL
Ping An Insurance (Group) Co. of China, Ltd. Class H
Reliance Industries Ltd.
China Construction Bank Corp. Class H
Sberbank of Russia

Russell Investments Emerging Markets Fund

Portfolio structure

Manager	Style	Strategic weight %
Alliance Bernstein	Value	13.0
Neuberger Berman	Growth	14.0
Numeric	Value, momentum	16.0
Oaktree Capital	Market-oriented	14.0
Russell Investments	Positioning strategies	10.0
RWC Partners	Opportunistic, focus on value & growth	9.0
Somerset Capital	Quality, value mid-cap & frontier	5.0
Westwood International Advisors	Quality, SMID cap	5.0
Axiom International Investors	Quality, growth	14.0

Footnotes

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

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