

Russell Investments Global Fixed Interest Fund



Portfolio Manager
Gerard Fitzpatrick

Russell Investments' Global Fixed Income Team comprises over 9 experienced professionals, including portfolio managers, researchers, portfolio analysts, and strategists in Russell Investments offices around the globe.

The team manages cash and multi-strategy fixed income portfolios, which include global, regional, investment grade, high yield, emerging market debt and absolute return mandates.

Fund facts

Inception date

21 December 2011

Benchmark**

Bloomberg Global Aggregate Index (\$NZ Hedged)

Currency

NZD

Total Annual Fund Charges incl. GST

0.59%

Management Fees

0.47%

Estimated Administration Fee

0.12%

Dealing frequency; Cut off

Daily, 11am NZT

Dividend reinvestment available

Yes

Fund objective

To provide a total return, before costs and tax, higher than the Bloomberg Global Aggregate Index – New Zealand dollar Hedged over the long term (3 years plus).

Fund update

The Russell Investments Global Fixed Interest Fund (NZD hedged) outperformed the benchmark in the December quarter.

Interest rates positioning contributed positively to performance (in aggregate) over the period, including overweights to US two- and 30-year Treasuries. Overweights to German, South African, New Zealand and Mexican government debt also added value. Partly offsetting this were underweights to Japanese, South Korean, Canadian and Swedish government bonds. Credit positioning added further value in the fourth quarter. In contrast, active currency positioning detracted from overall performance, driven in part by short Swiss franc, Chinese yuan and euro positions. A long Japanese yen exposure also weighed on returns. However, the Fund did benefit from long US dollar and Norwegian krone positions.

Performance review (%)

Period ending 31/12/2023	1 month	3 months	1 year p.a.	3 years p.a.	5 years p.a.	Since inception p.a.
Gross fund performance	3.35	6.34	6.27	-2.57	1.60	4.48
Net fund performance	3.30	6.18	5.65	-3.20	0.89	3.70
Benchmark return	3.12	5.67	6.59	-2.42	1.03	3.56
Excess fund performance (gross)	0.23	0.67	-0.32	-0.15	0.57	0.92

Rolling 12 month performance (%)

Period ending 31/12/2023	31/12/18 31/12/19	31/12/19 31/12/20	31/12/20 31/12/21	31/12/21 31/12/22	31/12/22 31/12/23
Gross fund performance	7.94	8.43	-1.06	-12.03	6.27
Net fund performance	7.11	7.60	-1.82	-12.55	5.65
Benchmark return	7.48	5.41	-1.23	-11.75	6.59

Net fund performance shown is net of fees and charges. Assumes reinvestment of income. Past performance is not a reliable indicator of future performance. Performance data is provided for informational purposes only and is not intended to imply a recommendation about a product or form the basis for making an investment decision.

Portfolio statistics

	Fund	Benchmark
Duration	6.37	6.46
Yield	5.38%	3.35%
Yield to maturity	5.40%	3.35%
Average quality/rating	AA	AA
Number of issuers	414	3893

Data as at 30 November 2023

3 years	Fund	Benchmark
Volatility	5.88%	5.68%
Tracking error	0.99%	-
Sharpe ratio	-0.73	-
Information ratio	-0.15	-

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Top ten issuers (%)

Security	Fund	Benchmark
United States of America	15.36	17.11
Japan	8.65	10.19
Bundesrepublik Deutschland	3.53	2.28
Government National Mortgage Association 2	2.23	2.47
Estados Unidos Mexicanos	2.00	0.45
U.K. of Great Britain and Northern Ireland	1.89	2.77
Romania	1.81	0.18
Freddie Mac	1.33	0.59
Reino de Espana	1.20	1.71
Canada	0.98	0.91

Data as at 30 November 2023

Regional weights (%)

	Fund	Benchmark
US	43.22	42.21
EMEA ex UK	20.80	23.69
Unknown	11.95	-
Japan	8.65	10.71
Emerging	4.09	11.99
UK	3.16	2.80
Frontier	2.85	0.46
Other	2.56	2.34
Canada	1.71	2.83
Asia/Pacific ex Japan	1.01	2.97

Data as at 30 November 2023

ESG data

	Fund	Benchmark
ESG Risk Score**	22.1	22.8
Carbon Footprint***	155.7	221.1

Data as at 30 November 2023

**Higher scores imply higher ESG risk

***Higher score implies greater carbon exposure

The ESG Risk Score is the weighted average of the Sustainalytics' Risk Score for companies in the portfolio. The Sustainalytics' Risk Score focuses on ESG issues that are financially material to the company and incorporates both risk exposure and issue management. The scores range from 0 to 100 where higher scores imply higher ESG risk. The Carbon Footprint is the Weighted Average Carbon Intensity which we define as relative carbon emissions as the weighted average of portfolio companies' Scope 1 & 2 GHG emissions divided by revenue (CO₂e/\$1M revenue USD).

Credit ratings (%)

	Fund	Benchmark
Unassigned	2.61	0.01
AAA	43.78	36.89
AA	6.22	16.53
A	17.85	30.59
BBB	25.27	15.56

Data as at 30 November 2023

Cash/Cash equivalents are classified as AAA from a credit ratings perspective.

Sector allocation (%)

	Fund	Benchmark
Government	46.30	65.44
Corporate	27.11	22.58
Securitized Products	14.78	11.98
Cash	11.95	-
Derivatives & Other	-0.14	-

Data as at 30 November 2023

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Portfolio structure (manager weight)

Manager	Style	Target Allocation
BlueBay	Country selection	29%
Russell Investments	Integrated Global Governments	14%
Russell Investments	Intelligent Credit (Systematic)	20%
Russell Investments	Liquidity	3%
Schroders	Securitised specialist	13%
Western Asset Management	Security selection	21%

Footnotes

**Effective August 24, 2021, the Bloomberg Barclays fixed income indices were rebranded the Bloomberg Indices.

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