



MONTHLY MARKET REVIEW

DELIVERING GLOBAL PERSPECTIVE

May 2025

Scott O’Ryan

Business Development Manager, Adviser & Intermediary

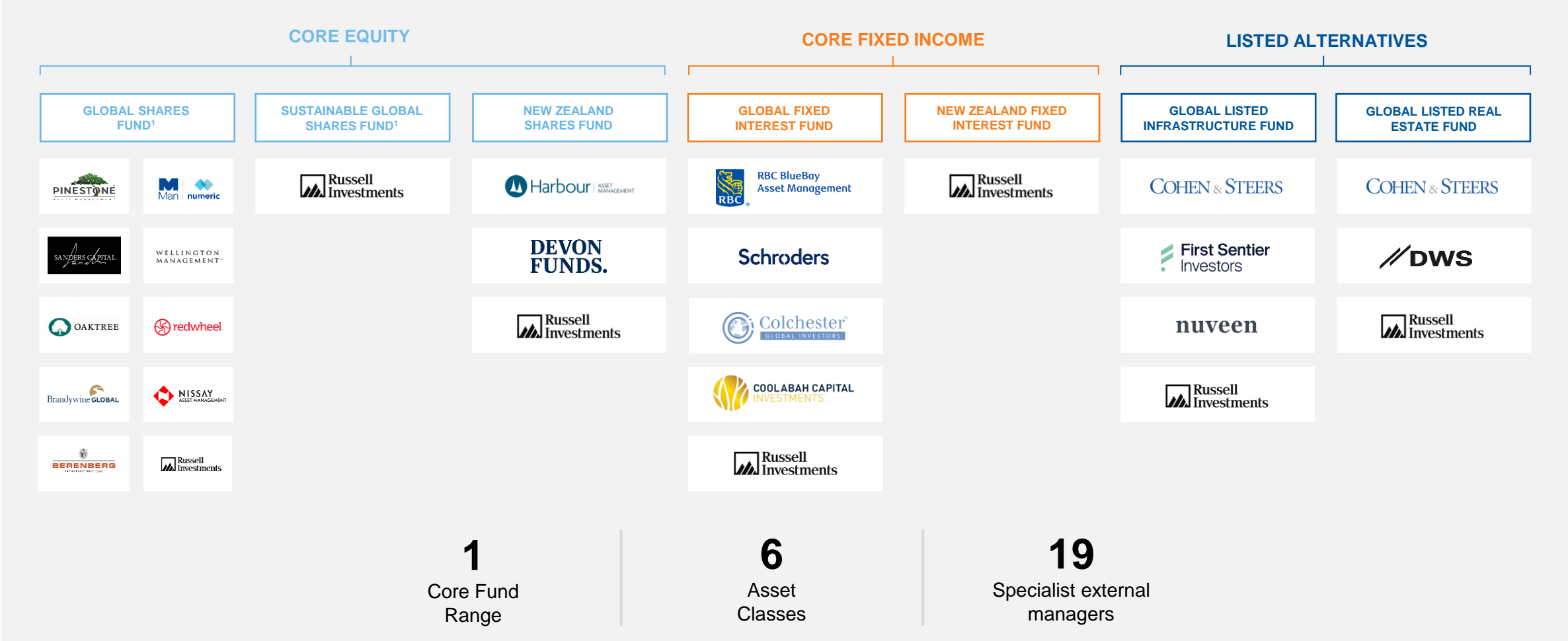
Falesha Kidd


Associate Business Development Manager, Adviser & Intermediary

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Russell Investments New Zealand fund overview

Diversified, time-tested core portfolio holdings in Portfolio Investment Entity (PIE) structure

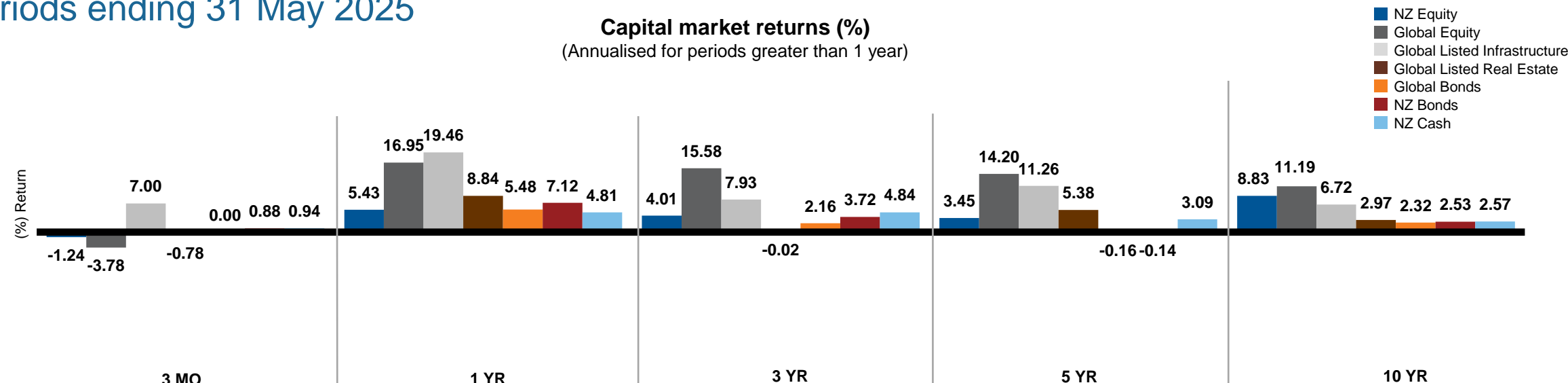




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Capital markets

Periods ending 31 May 2025



NZ equity: NZX 50 with Imputation Credits Index

Global equity: (MSCI ACWI Index) Global market index that includes large/mid-cap stocks across developed and emerging markets

Global listed infrastructure: (S&P Global Listed Infrastructure Index – NZD Hedged) Index for global publicly traded infrastructure securities

Global listed Real Estate: (FTSE EPRA NAREIT Developed – NZD Hedged) Index for global publicly traded real estate securities

Global bonds: (Bloomberg Global Aggregate Bond Index – NZD Hedged) Broad index for Global Fixed Income market

NZ bonds: (Bloomberg NZBond Composite 0+ Yr TR NZD) Broad index for NZ Fixed Income market

Cash: Bloomberg NZBond Bank Bill TR NZD – short dated New Zealand bank bills

CAPITAL MARKETS to 31 May 2025:

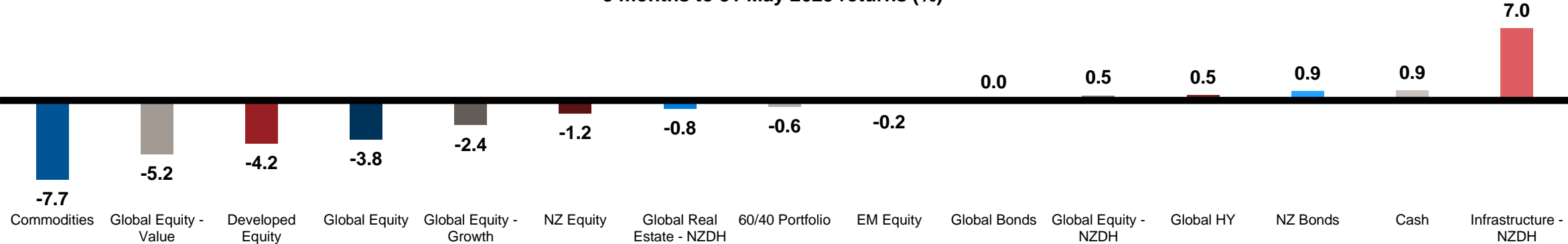
- **NZ equities** posted solid performance this month, finishing up 4.3%. While the market continues to lag global peers due to ongoing economic softness, select names – particularly, Channel Infrastructure and various Real Estate companies – are uplifting the asset class.
- **Global equities** rebounded strongly following a volatile April. Markets responded positively to easing trade tensions and declining inflation expectations. The MSCI ACWI surged over 5% in May alone, with technology companies standing out as key drivers of returns.
- **Global Listed Infrastructure** continues to show resilience, supported by reduced tariffs and the prospect of fiscal stimulus from both the US and China – developments that are favourable for long-term infrastructure investment.
- **Global bond** yields have also ticked lower over the past few weeks, soothing investors rattled by April's big upward spike. This includes the 10-year US Treasury yield, which declined by 0.08% last week.
- **NZ bonds** ended the month 0.4% down – in line with global peers. With another 25bp rate cut announced this month, markets appear to be pricing in a series of cuts extending into 2026.

Source: Russell, Bloomberg, MSCI, FTSE and S&P Index returns denominated in NZD and represent past performance, are not a guarantee of future performance, and are not indicative of any specific investment. Attribution data as of latest available 28 May 2025.

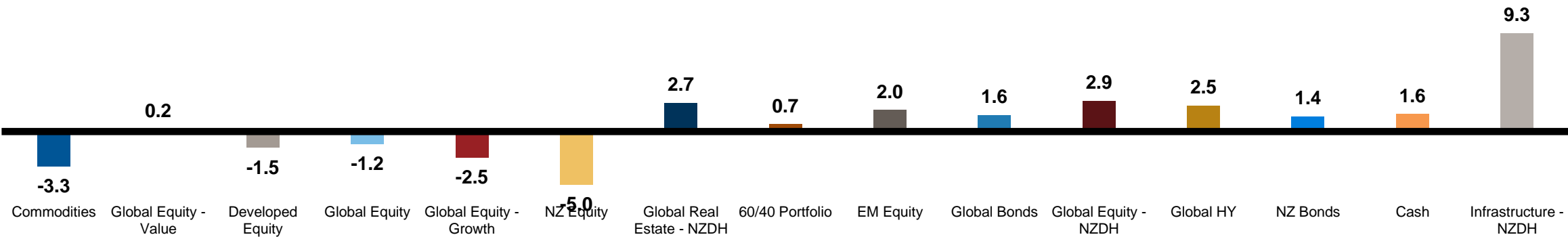
Capital markets

Key asset classes for New Zealand investors

3 months to 31 May 2025 returns (%)



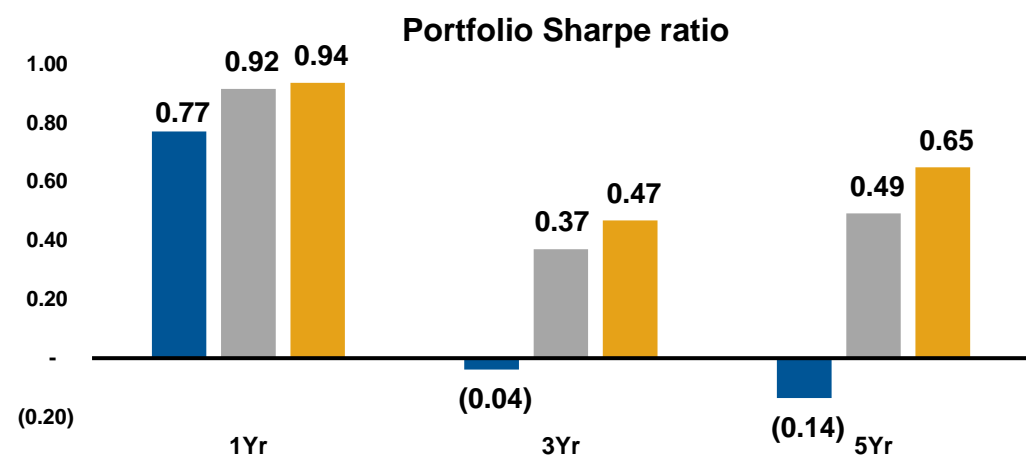
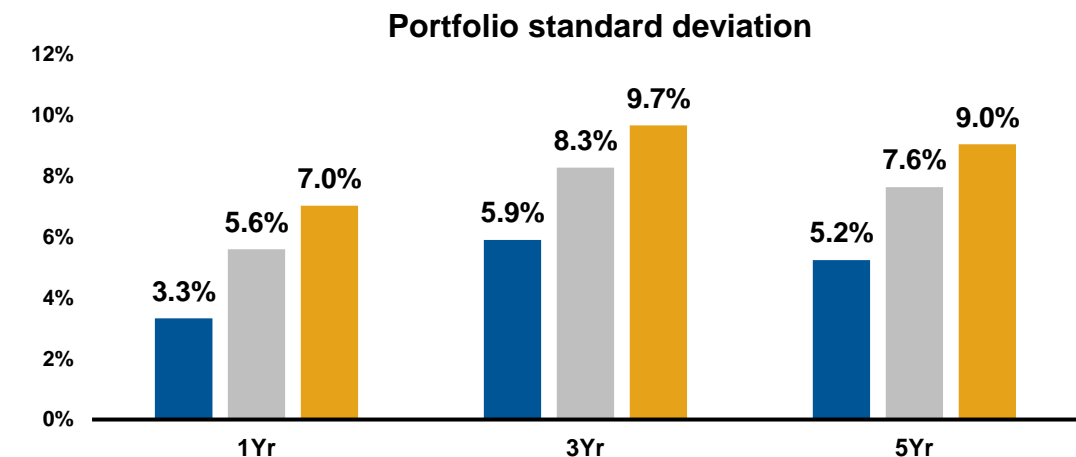
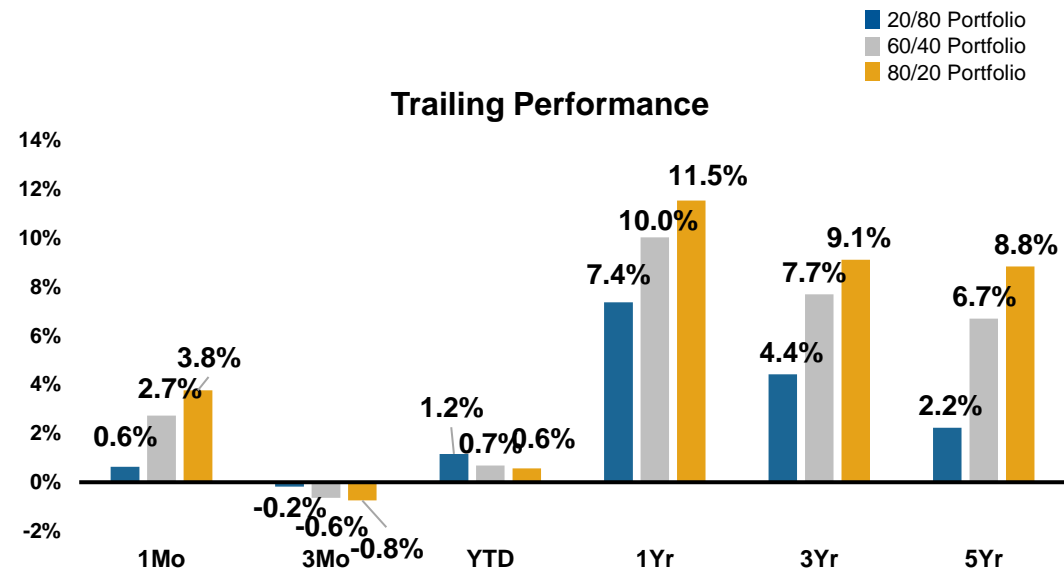
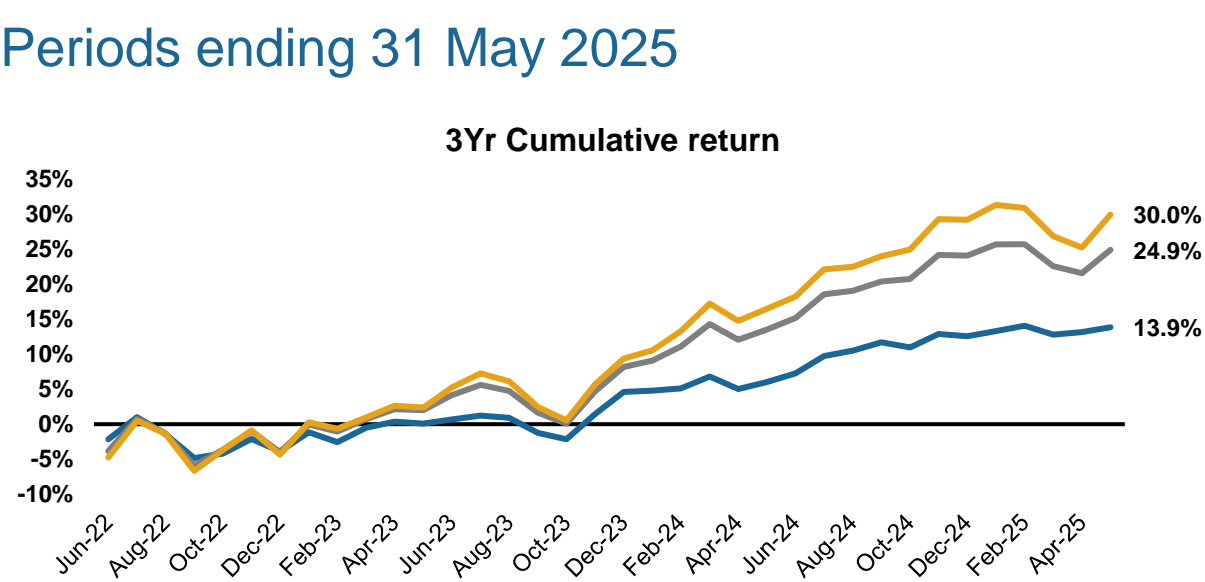
Year-to-date 2025 returns (%)



Source: Morningstar Direct, Russell Investments. Global Equity: MSCI ACWI Net Index; Global Eq Hedged: MSCI ACWI Net Index – NZDH, Global Equity - Growth: MSCI ACWI Growth Net Index; Global Equity - Value: MSCI ACWI Value Net Index, Developed Equity: MSCI World Net Index; NZ Equity: S&P/NZX 50 with Imputation TR NZD; Global Real Estate – NZDH: FTSE EPRA NAREIT Developed NR HNZN, Infrastructure - NZDH: S&P Global Infrastructure Index NZDH; Global High Yield: ICE BofA Dv Mkts HY Constrained NZDH; Cash: Bloomberg NZBond Bank Bill TR NZD; EM Equity: MSCI Emerging Markets Index; Global Bonds: Bloomberg Global Aggregate Bond Index NZDH; NZ Bonds: Bloomberg NZBond Composite 0+ Yr TR NZD; Commodities: Bloomberg Commodity Index Total Return; 60/40 Portfolio: 21.5% Global Equity Unhedged, 21.5% Global Equity 100% NZD Hedged, 12% NZ Equity, 32% Global Bonds, 2.5% Infrastructure, 2.5% Global Real Estate, 8% NZ Bonds. Index returns are denominated in NZD and represent past performance, are not a guarantee of future performance, and are not indicative of any specific investment. Indexes are unmanaged and cannot be invested in directly.

Portfolio dashboard

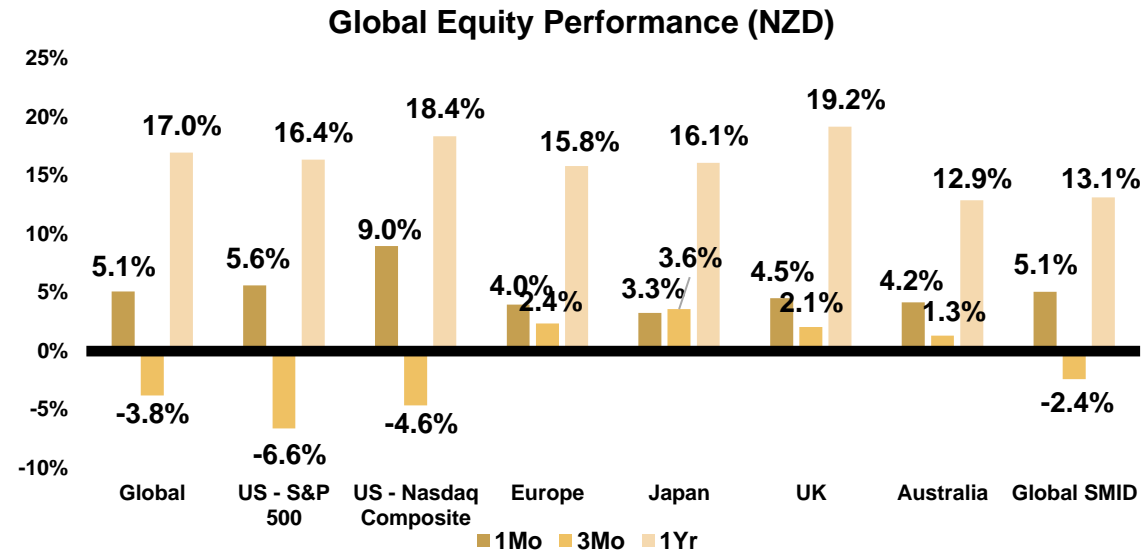
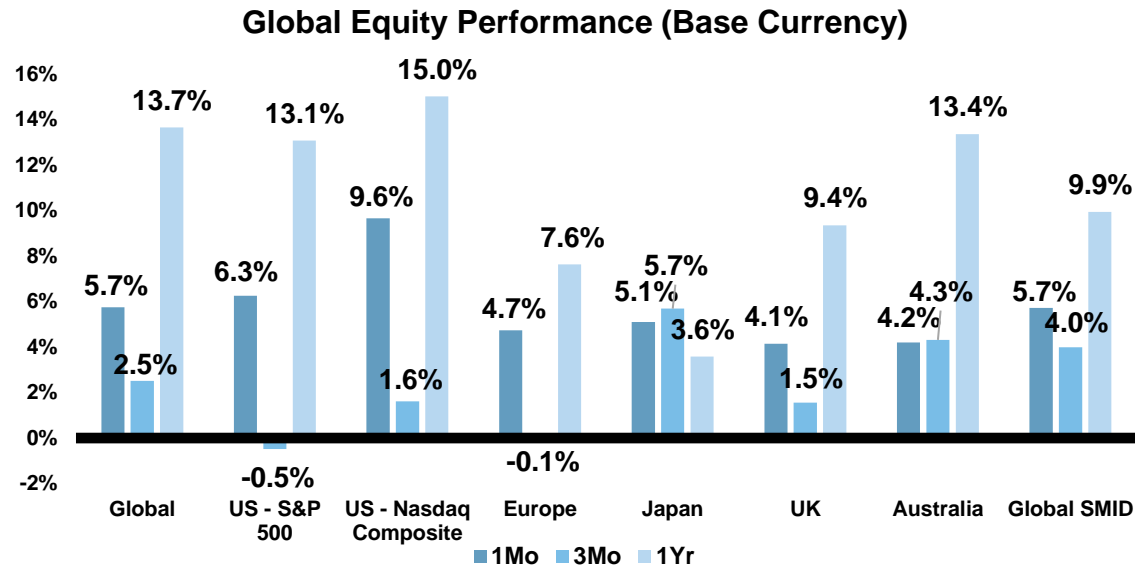
Periods ending 31 May 2025



Source: Morningstar Direct, Russell Investments. See Appendix 1 for portfolio weightings. Trailing return periods greater than one-year are annualised. Index returns are denominated in NZD and represent past performance, are not a guarantee of future performance, and are not indicative of any specific investment. Indexes are unmanaged and cannot be invested in directly.

Global equity performance

Periods ending 31 May 2025

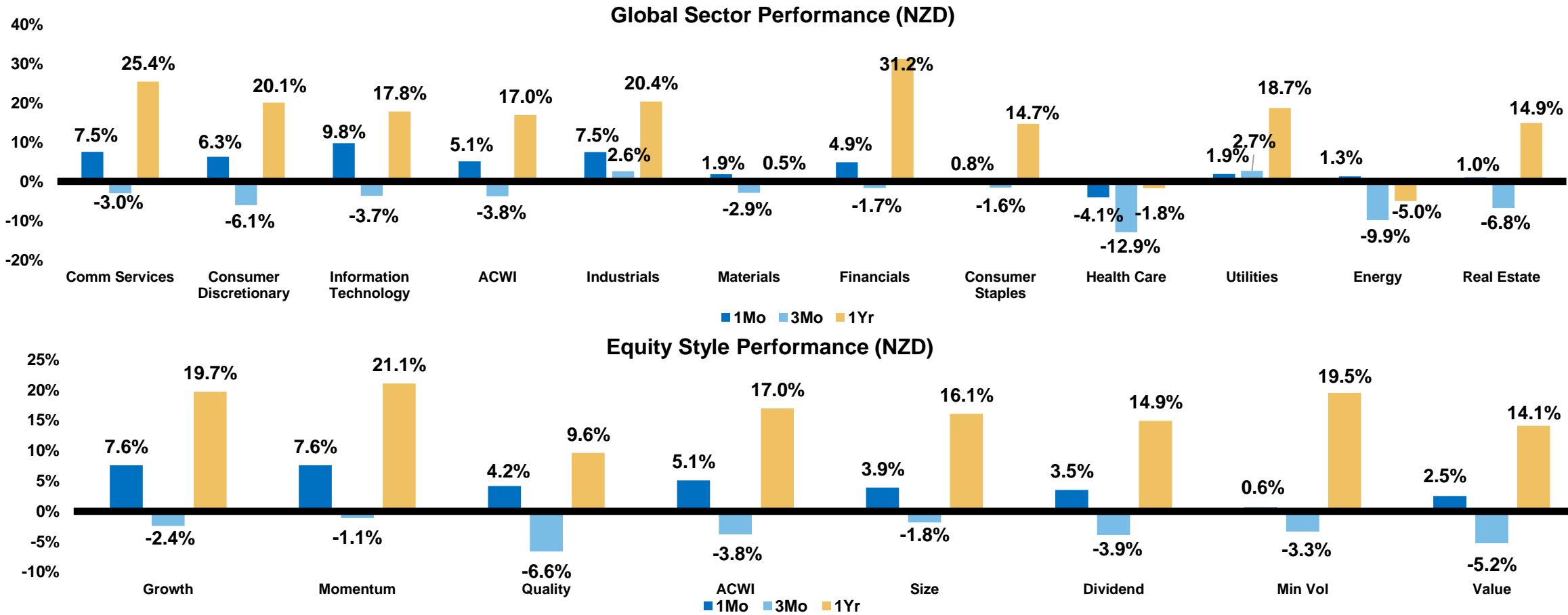


- There are hints that confidence among U.S. consumers and businesses is on the rebound. The Conference Board measure of consumer confidence unexpectedly rebounded in May, up to 98.0 from April's four-year low of 85.7. The pause of new trade tariffs with China aided sentiment. In addition, the latest regional Fed manufacturing surveys show a notable change in companies' plans for future spending.
- First-quarter earnings season is wrapping up in the U.S. with generally strong results. Earnings growth for the quarter is tracking around 15% on a year-over-year basis – double what consensus expectations were coming into the reporting period.
- In Europe, US President Donald Trump delayed the imposition of his proposed 50% tariff on imports to the US from the European Union. This followed an agreement to negotiate with European Commission President Ursula von der Leyen ahead of a new July 9th deadline.
- UK inflation jumped ahead of forecasts to 3.5% YoY in April, the highest since January 2024. The measure was up from 2.6% in March, largely due to the new tax year and seasonal rise in household bills, notably electricity.

Source: Morningstar Direct, Russell Investments. Global: MSCI ACWI NR USD, Europe: MSCI Europe Ex UK NR EUR, UK: FTSE AllSh TR GBP, Australia: S&P/ASX 200 TR AUD, Japan: TOPIX TR JPY, US - S&P 500: S&P 500 NR USD, US - Nasdaq Composite: NASDAQ Composite TR USD, Global SMID: MSCI ACWI SMID NR USD. Index returns represent past performance, and are not a guarantee of future performance, nor are they indicative of any specific investment. Indexes are unmanaged and cannot be invested in directly.

Global sector and style performance

Periods ending 31 May 2025

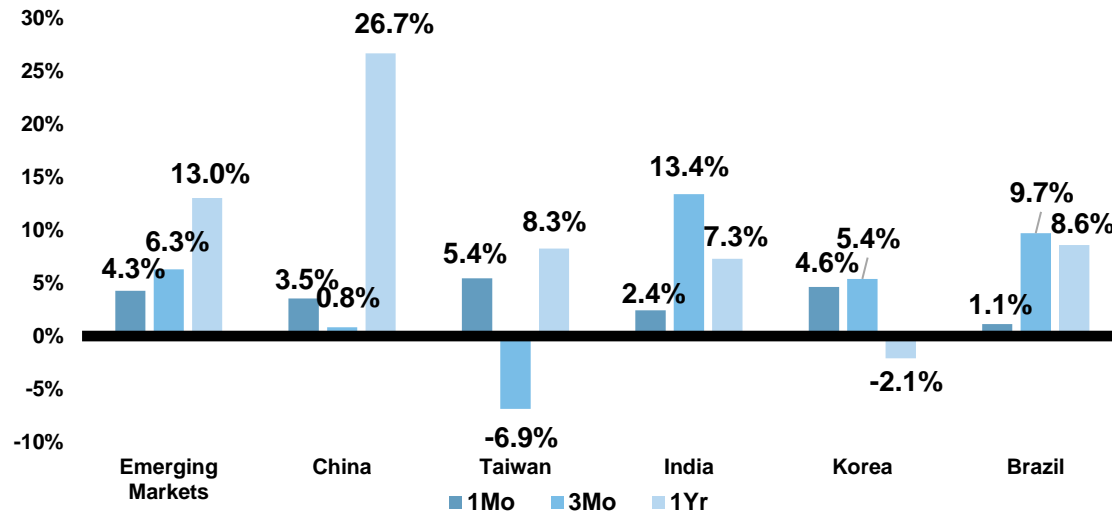


Source: Morningstar Direct, Russell Investments. Energy: MSCI ACWI Energy Net Index, Utilities: MSCI ACWI Utilities Net Index, Materials: MSCI ACWI Materials Net Index, Financials: MSCI ACWI Financials Net Index, Real Estate: MSCI ACWI/EQUITY REITS Net Index, Health Care: MSCI ACWI Health Care Net Index, Consumer Discretionary: MSCI ACWI Consumer Discretionary Net Index, Consumer Staples: MSCI ACWI Consumer Staples Net Index, Information Technology: MSCI ACWI Information Technology Net Index, Industrials: MSCI ACWI Industrials Net Index, Comm Services: MSCI ACWI Comm Services Net Index, Growth: MSCI ACWI Growth Net Index, Momentum: MSCI ACWI Momentum Net Index, Quality: MSCI ACWI Quality Net Index, Size: MSCI ACWI Size TILT Net Index, ACWI: MSCI ACWI Net Index, Dividend: MSCI ACWI Dividend TILT Net Index, Min Vol: MSCI ACWI Minimum Vol Net Index, Value: MSCI ACWI Value Net Index. Index returns are denominated in NZD and represent past performance, are not a guarantee of future performance, and are not indicative of any specific investment. Indexes are unmanaged and cannot be invested in directly.

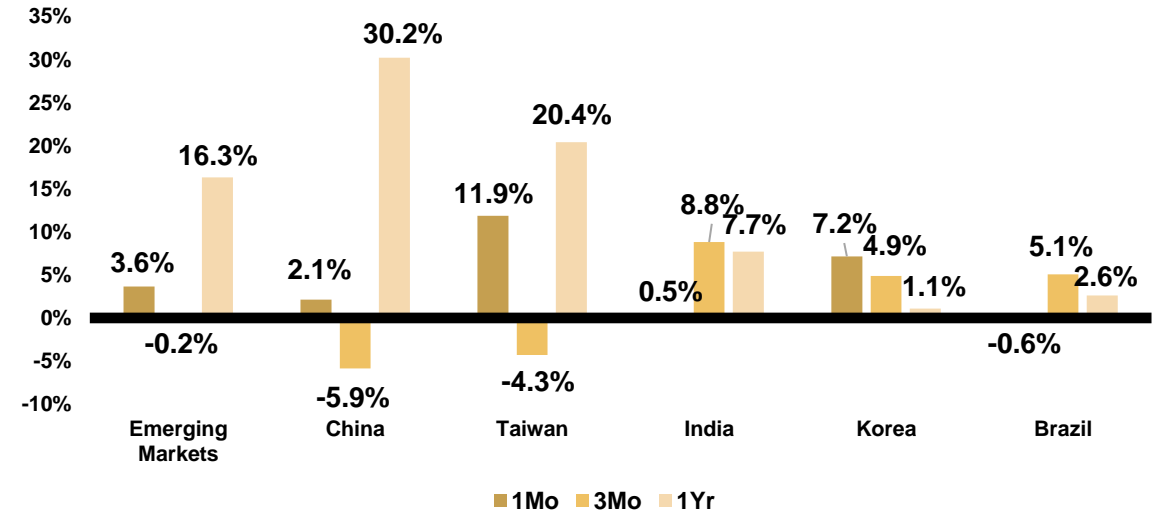
Emerging market performance

Periods ending 31 May 2025

Emerging Market Performance (Base)



Emerging Market Performance (NZD)



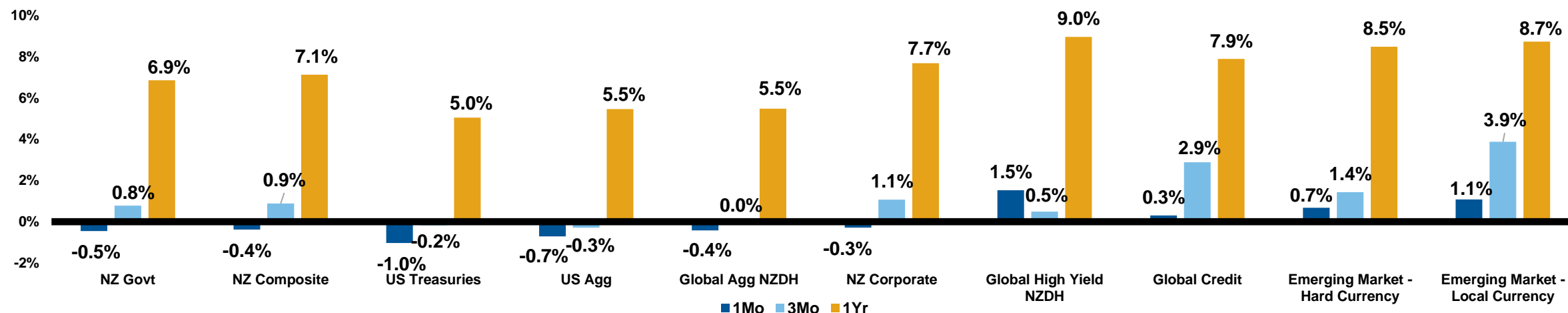
- The MSCI Emerging Markets Index underperformed developed markets slightly but still delivered a solid 3% gain in NZD terms.
- In China, April retail sales and industrial production figures softened from March figures, although industrial production was ahead of forecasts at 6.1% YoY. Meantime, the People's Bank of China lowered its one-year loan prime rate to 3.0% from 3.1% and its five-year equivalent to 3.5% from 3.6% as expected.
- In Brazil, first quarter GDP growth was slightly behind estimates at 1.4% QoQ (2.9% YoY).
- In contrast, the reading was ahead of expectations in India at 7.4% YoY. India's industrial production also positively surprised at 2.7% YoY in April.
- In Mexico, the central bank cut its 2025 GDP forecast to 0.1% from the prior 0.6% prediction, given trade uncertainty with the US, its major trading partner. It also halved the 2026 prediction to 0.9% growth.

Source: Morningstar Direct, Russell Investments. Emerging Markets: MSCI EM NR USD, China: MSCI China NR LCL, Taiwan: MSCI Taiwan NR LCL, India: MSCI India NR LCL, Korea: MSCI Korea NR LCL, Brazil: MSCI Brazil NR LCL. Index returns represent past performance, and are not a guarantee of future performance, nor are they indicative of any specific investment. Indexes are unmanaged and cannot be invested in directly.

Global fixed income performance

Govt, credit and broad market performance to 31 May 2025

Global Fixed Income (Base Currency)

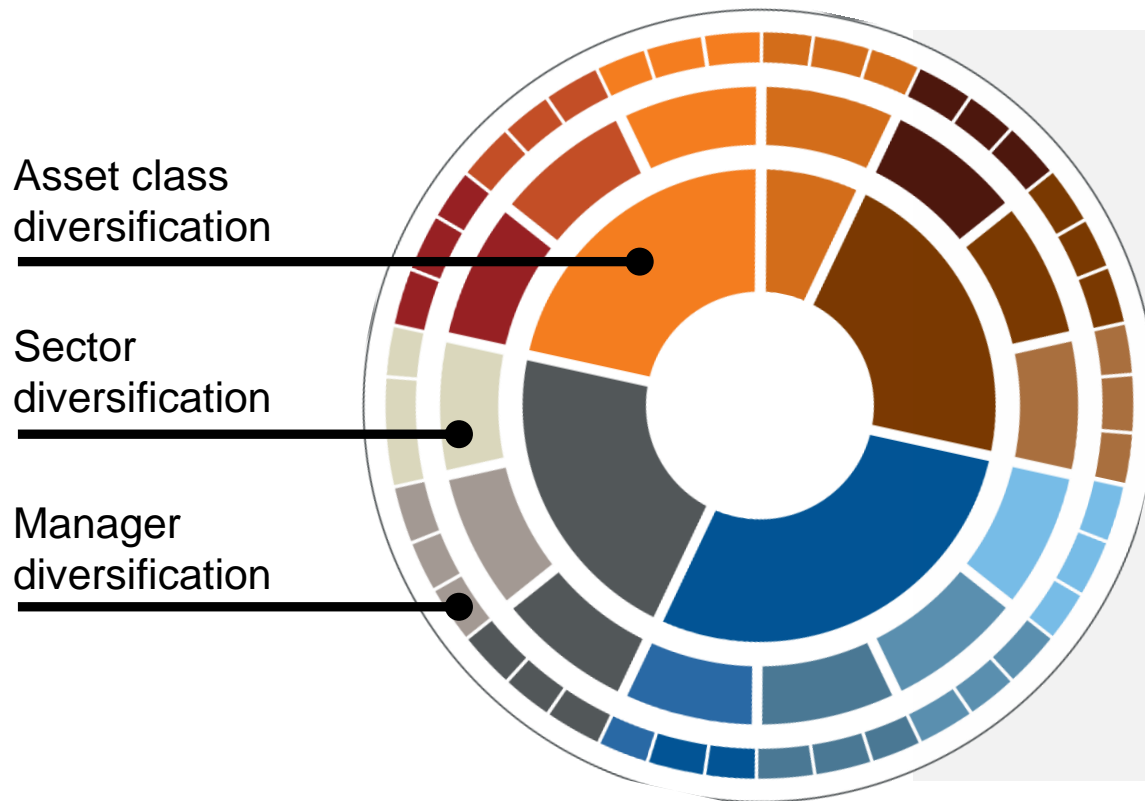


- The US symbolically lost its remaining AAA credit rating after Moody's downgraded its sovereign credit rating to Aa1. The rating agency cited rising debt and interest costs behind the decision – its first ever downgrade on the US in 108 years.
- The yield on the 30-year Treasury ended the month back below 5.0% after decreasing 10 basis points (bps) to 4.93%.
- In Europe, investors looked ahead to the anticipated rate cut by the European Central Bank in June.
- The yield on 10-year German bunds ended the month seven bps lower at 2.50%.
- In the UK, the 10-year gilt yield decreased three bps to 4.65%.
- Elsewhere, Japan's finance ministry considered changes to its bond issuance, contacting key market participants with a survey. This follows weak auction demand and the recent sell-off of longer-dated bonds to their highest yields since inception.

Source: Morningstar Direct, Russell Investments. NZ Govt: Bloomberg NZBond Govt 0+ Yr TR NZD; NZ Composite: Bloomberg NZBond Composite 0+ Yr TR NZD; Global Agg NZDH: Bloomberg Global Aggregate TR Hdg NZD; US Treasuries: Bloomberg US Treasury TR USD (1987); US Agg: Bloomberg US Agg Bond TR USD NZ Corporate: S&P/NZX NZ Corp Bond Invest Grade NZD; Global High Yield NZDH: ICE BofA Dv Mkts HY Constnd TR HNZD; Global Credit: Bloomberg Global Credit TR USD; Emerging Market - Local Currency: Bloomberg EM Local Currency Govt TR USD; Emerging Market - Hard Currency: Bloomberg EM Hard Currency Agg TR USD. Index returns are denominated in base currency and represent past performance, are not a guarantee of future performance, and are not indicative of any specific investment. Indexes are unmanaged and cannot be invested in directly.

Managing through volatility

The future is uncertain, we focus on making the most of it.



Stay the course

We know investors tend to ride their emotions, but history shows that staying invested during downturns tends to be rewarded.

Stay diversified

No one asset class or style always outperforms. No single manager is great at everything.

Stay invested

In times of market volatility some investors choose to move to cash investments, while others try to time the market. Unfortunately, these investors are often buying high and selling low—and miss the rallies that follow the challenging periods.

Russell Investments overview

A leading global investment solutions partner

Decades of global investment experience

50+ years

Investment consulting

40+ years

Multi-manager funds and outsourced investing

30+ years

Working alongside New Zealand investors

Significant global scale

\$590.8bn

Assets under management

\$1.6tn

Assets under advice

\$101.5bn

Assets managed on behalf of financial advisers

Long-standing track record in New Zealand

1992

Opened office in NZ

\$3.1bn

Funds under management for NZ clients

\$12bn

Assets under advice

30+ clients

Integrated global investment platform

Research & advice

› Capital markets insight

› Asset allocation tools

› Proprietary risk systems

Fund management & implementation

› Manager research

› Proprietary factor strategies

› Global multi-asset investing

› In-house trading

› Efficient implementation



Global and NZ AUM as of 31 December 2024. AUA data as of 30 June 2024. All values in NZD unless otherwise stated. Please note that the logos shown above may be registered trademarks of the organizations represented. Clients may contract for a variety of services from Russell Investments. The identification of the clients listed does not constitute an endorsement or recommendation of Russell Investments' products or services by such client.



THANK YOU!

ANY QUESTIONS?

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Appendix 1

Russell Investments portfolio weightings

PORTFOLIO DATE	ASSET CLASS	INDEX	20/80 (%)	60/40 (%)	80/20 (%)
30/11/2017	NZ Equity	S&P/NZX 50 with Imputation TR NZD	4.00	12.00	16.00
	Global Equity	MSCI ACWI NR	8.00	21.50	27.00
	Global Equity – Hedged	MSCI ACWI Hedged 100% to NZD	8.00	21.50	27.00
	NZ Bonds	Bloomberg NZBond Composite 0+ Yr TR NZD	16.00	8.00	4.00
	Global Bonds	Bloomberg Global Aggregate TR Hdg NZD	64.00	32.00	16.00
	Global Listed Real Estate	FTSE EPRA NAREIT Developed NR HNZD	0.00	2.50	5.00
	Global Listed Infrastructure	S&P Global Infrastructure Hdg NR NZD	0.00	2.50	5.00

Your relationship management team

Scott O’Ryan

Business Development Manager



Scott is based in the Auckland office. He is part of the team that is responsible for growing Russell Investments’ profile within the financial advisory and wealth management sector.

Prior to joining Russell Investments in 2020, Scott worked at Morningstar, where he held senior roles in the Client Solutions team and was involved in delivering data and research to advisory and institutional clients. Prior to returning to New Zealand in 2019, Scott held a variety of roles within Morningstar’s Data and Research teams in the United Kingdom.

Scott is a graduate of Massey University (2010, 2011), holding a degree in Business Studies and a postgraduate diploma in Finance. He has also completed a Masters in Public Administration at the London School of Economics (2017).

Education

- Masters of Public Administration, London School of Economics and Political Science
- Postgraduate Diploma – Finance, Massey University
- Bachelor of Business Studies, Massey University
- New Zealand Certificate in Financial Services (L5) (Investment) [V2]

Experience

- Years with Russell Investments: 4
- Years in the industry: 13

Falesha Kidd

Associate Business Development Manager



Falesha is also based in the Auckland office and part of the team that is responsible for growing Russell Investments’ profile within the financial advisory and wealth management sector, mainly through distributing the firm’s range of multi-manager and directly managed funds.

Prior to joining Russell Investments in 2023, Falesha worked as a Client Relationship Manager for Syndex, dealing with some of New Zealand’s largest private market issuers and investors.

Education

- Bachelor of Commerce, Victoria University of Wellington

Experience

- Years with Russell Investments: 2
- Years in the industry: 5