

Russell Investments NZ Fixed Interest Fund



Portfolio Manager
Clive Smith

Russell Investments' New Zealand Fixed Income Team brings over 20 years of experience in managing portfolios.

The team works closely with our 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

14 February 2013

Benchmark**

Bloomberg NZ Bond Composite 0+ Yr Index

Currency

NZD

Total Annual Fund Charges incl. GST

0.49%

Management Fees

0.40%

Estimated Administration Fee

0.09%

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 NZ Bond Composite 0+ Yr Index over the long term (3 years plus).

Fund update

The Russell Investments New Zealand Fixed Interest Fund outperformed its benchmark in the December quarter.

Much of the Fund's outperformance was driven by duration positioning. The Fund maintained a long duration exposure (in aggregate) throughout the quarter; positioning that benefited from the sharp decline in bond yields we saw over the period. Sector positioning also added value; notably our overweights to corporates and supranational, sovereign and agency bonds. In contrast, security selection detracted from overall performance; notably an underweight to New Zealand Local Government Funding Agency. The Fund's exposure to inflation-indexed bonds (ILBs) also weighed on returns, albeit modestly. ILBs underperformed nominal government bonds amid expectations the inflation rate will decline.

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	2.81	6.20	6.84	-1.64	1.16	3.21
Net fund performance	2.77	6.07	6.32	-2.20	0.51	2.48
Benchmark return*	2.84	6.01	6.18	-2.39	0.51	2.59
Excess fund performance (gross)	-0.03	0.19	0.66	0.75	0.65	0.62

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	5.42	5.59	-4.65	-6.59	6.84
Net fund performance	4.62	4.79	-5.35	-7.04	6.32
Benchmark return*	5.26	4.80	-5.67	-7.14	6.18

*As at 28 Jun 19 the benchmark changed to the Bloomberg NZ Bond composite index. From December 2014 through to June 2019 the benchmark was 75:25 weighted average of the S&P/NZX NZ Government Stock Index and S&P/NZX A-Grade Corporate Index. Prior to December 2014 the benchmark was the S&P/NZX NZ Government Stock Index.

Net fund performance shown is net of fees and charges. Assumes reinvestment of income.

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.

Past performance is not a reliable indicator of future performance.

Portfolio statistics

	Fund	Benchmark
Duration	4.55	4.44
Yield	5.03%	5.24%
Average quality/rating	AA	AAA
Number of issuers	58	45

Data as at 30 November 2023

3 years	Fund	Benchmark
Volatility	5.21%	5.21%
Tracking error	0.37%	-
Sharpe ratio	-0.64	-
Information ratio	2.02	-

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Top ten issuers (%)

Security	Fund	Benchmark
New Zealand Government	40.22	63.32
NZ Local Govt Funding Agency Ltd	5.37	8.51
Housing New Zealand Limited	4.65	3.30
Bank of New Zealand	3.61	1.69
Westpac New Zealand Limited	2.44	1.85
City of Auckland	2.41	0.75
Kiwibank Limited	2.38	0.85
Intl Bank for Reconstruction and Dev	2.11	4.24
Asian Development Bank	1.97	3.15
Transpower New Zealand Limited	1.65	0.65

Data as at 30 November 2023

Credit ratings (%)

	Fund	Benchmark
Unassigned	3.28	0.21
AAA	68.40	88.11
AA	7.42	1.76
A	15.32	7.52
BBB	5.58	2.40

Data as at 30 November 2023

Sector allocation(%)

	Fund	Benchmark
Government	70.14	90.30
Corporate	21.13	9.70
Cash	6.78	-
Securitized Products	1.95	-

Data as at 30 November 2023

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Portfolio structure (manager weight)

Manager	Style	Target Allocation
Harbour Asset Management	Short-term local rates	50%
Western Asset Management	Medium-term thematic strategy	50%

Footnotes

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

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