



MONTHLY MARKET REVIEW

FEBRUARY 2025

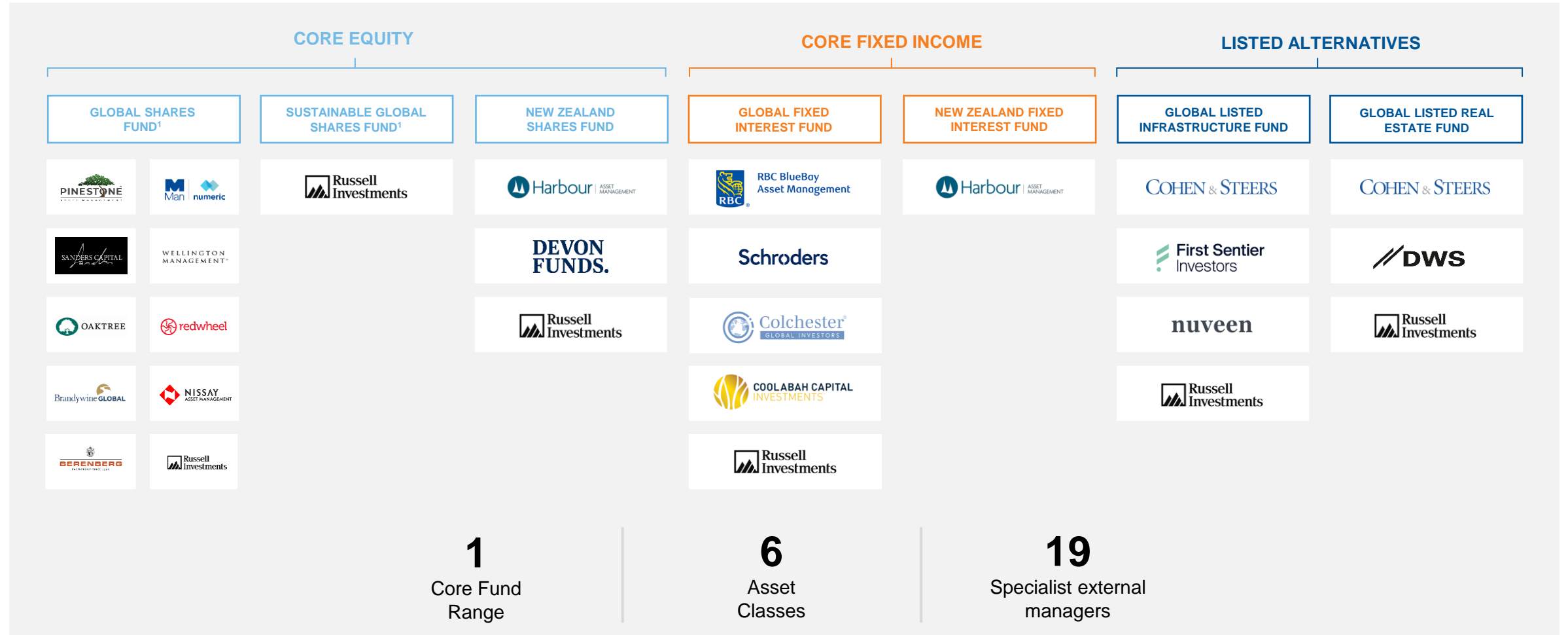
Scott O’Ryan
Business Development Manager – Adviser & Intermediary Sales

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Russell Investments New Zealand fund overview

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

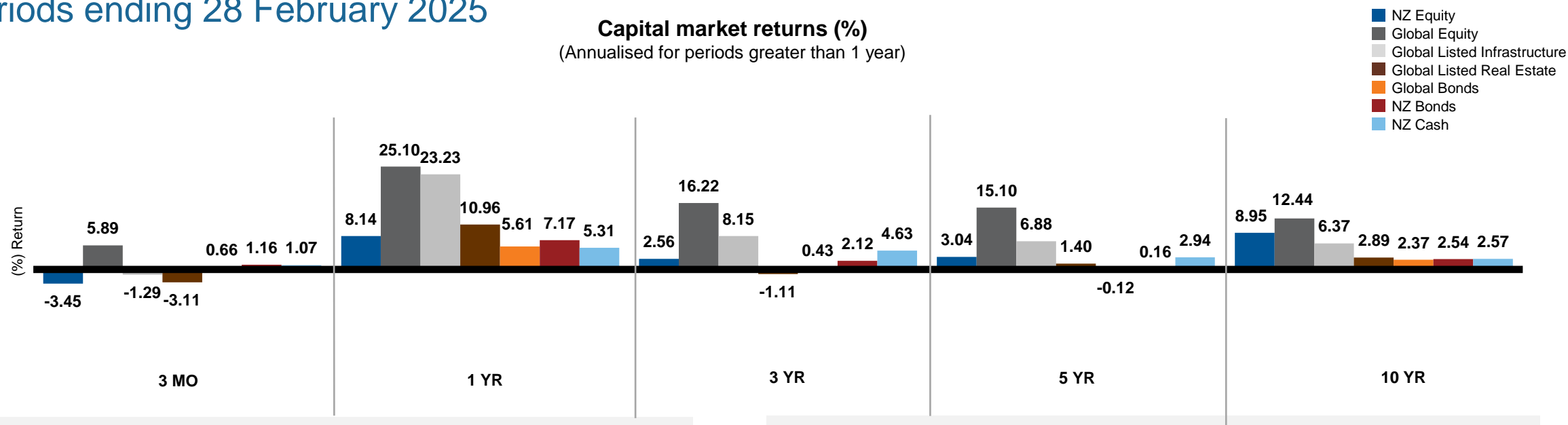


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Capital markets

Periods ending 28 February 2025

Capital market returns (%)
(Annualised for periods greater than 1 year)



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 February 2025:

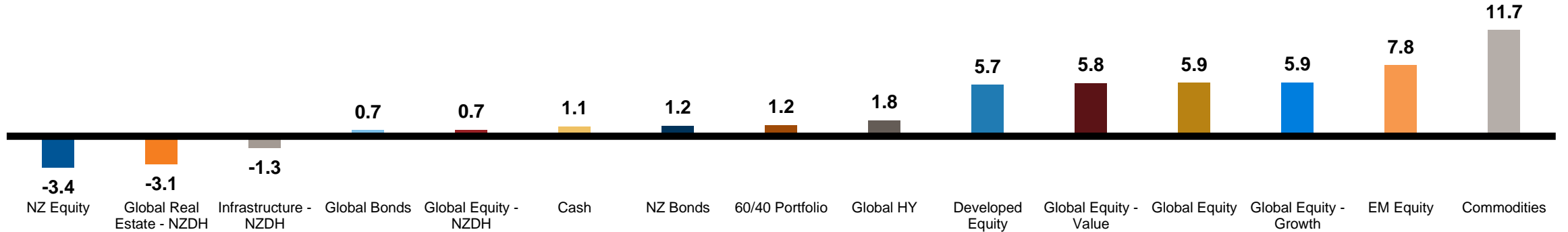
- **NZ equities** fell over February, largely driven by a weakness in Health Care (F&P down 9%) and Comm Services (Spark down 21%).
- **Global equities** slightly down over Feb as many Mag-7 stocks came under selling pressure. Conversely the Value factor outperformed others with Growth almost 2% under for the year.
- **Global Listed Infrastructure** was flat over Feb as Industrials lagged other sectors including underperformance from heavyweights Auckland Airport and Transurban.
- **Global Listed Real Estate** rose over Feb, ending 1.9% higher, reflecting interest rate sensitivity and strong performance from heavy weight Welltower (Healthcare), up 23%.
- **Global bonds** rose over Feb as the US 10Yr yield dropped precipitously into month end ending at 4.24%, down from mid-month high of 4.62%. Underwhelming PMI data, which saw services entering contractionary territory, also supported Treasuries.
- **NZ bonds** mirrored global trends, up 0.60% for the month.

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 26 Feb 2025.

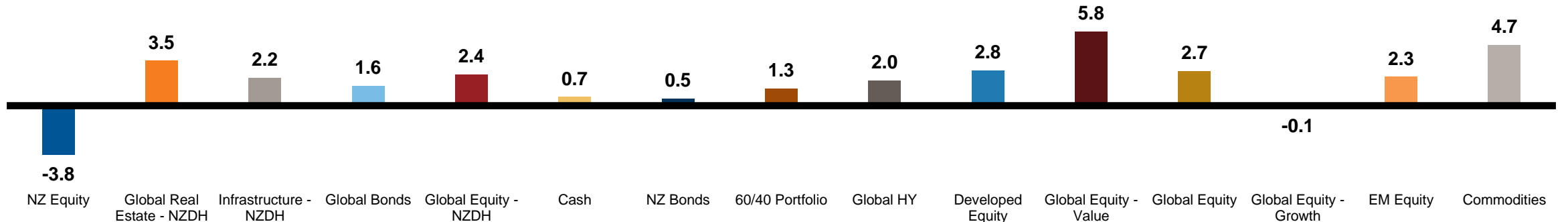
Capital markets

Key asset classes for New Zealand investors

3 months to 31 Feb 2025 returns (%)



Year-to-date 2025 returns (%)

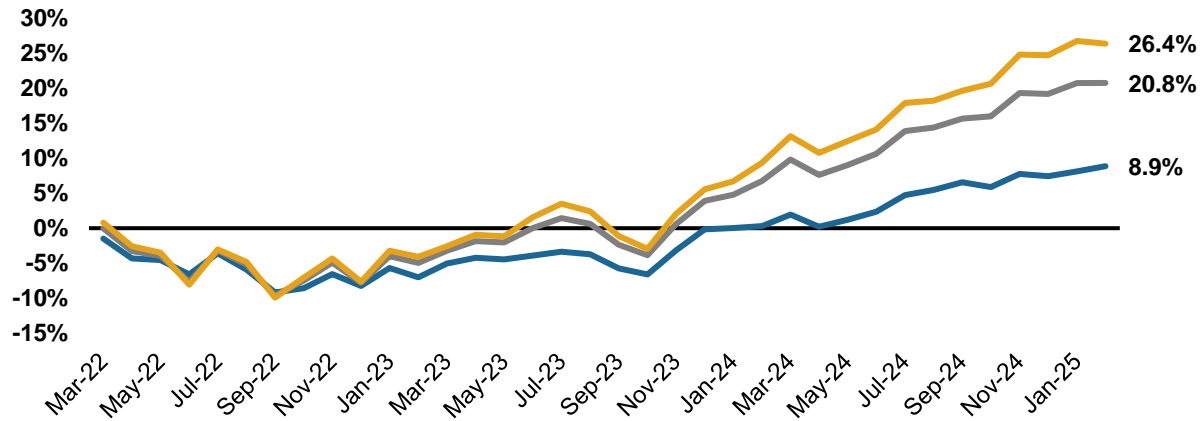


Source: Morningstar Direct, Russell Investments. Global Equity: MSCI ACWI Net Index; Global Eq Hedged: MSCI ACWI Net Index – NZDH, Global Equity - Growth: MSCI ACWI Growth Net Index; Global Equity - Value: MSCI ACWI Value Net Index, Developed Equity: MSCI World Net Index; NZ Equity: S&P/NZX 50 with Imputation TR NZD; Global Real Estate – NZDH: FTSE EPRA NAREIT Developed NR HN2D, 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: 20% Global Equity Unhedged, 20% Global Equity 100% NZD Hedged, 15% NZ Equity, 25% Global Bonds, 2.5% Infrastructure, 2.5% Global Real Estate, 10% NZ Bonds, 5% Cash. Index returns to 28 Feb 2025, 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.

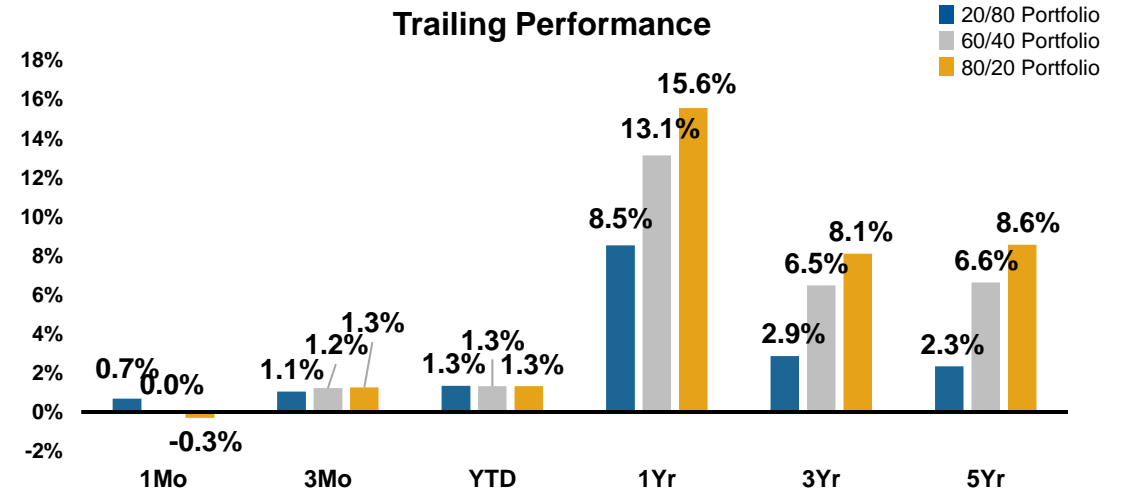
Portfolio dashboard

Periods ending 28 February 2025

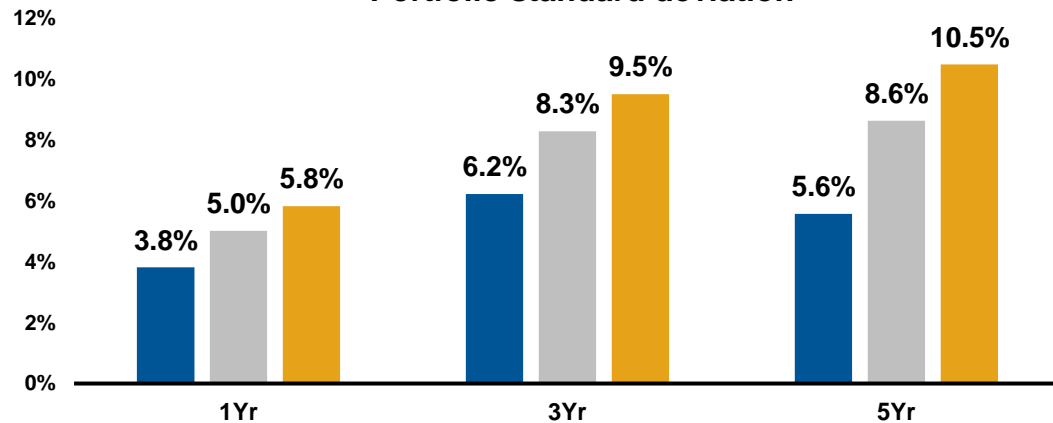
3Yr Cumulative return



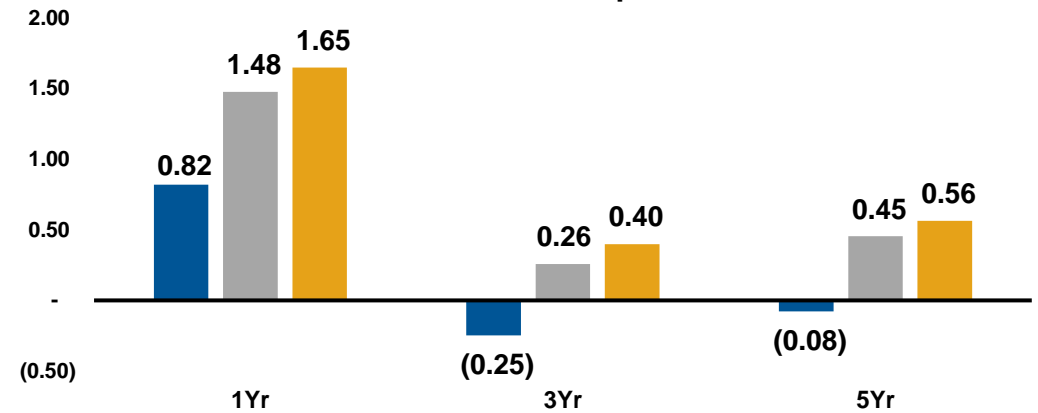
Trailing Performance



Portfolio standard deviation



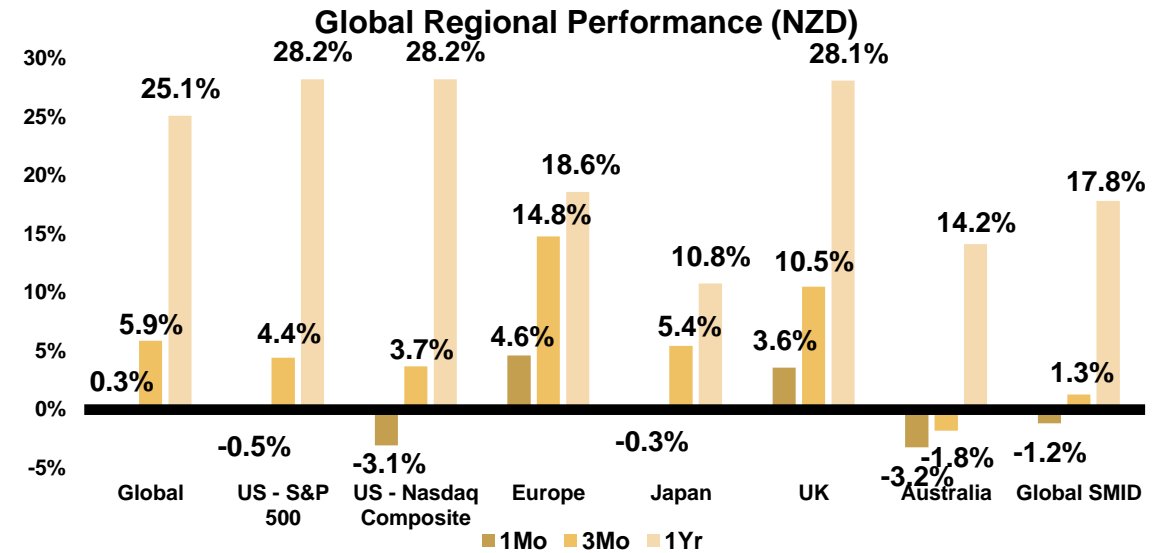
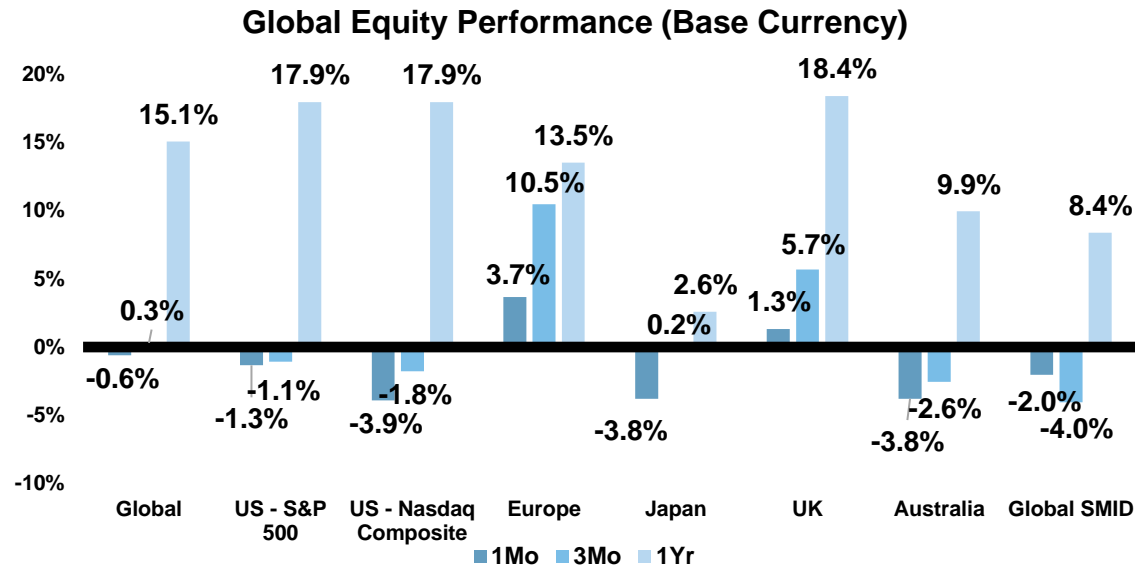
Portfolio Sharpe ratio



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 28 February 2025

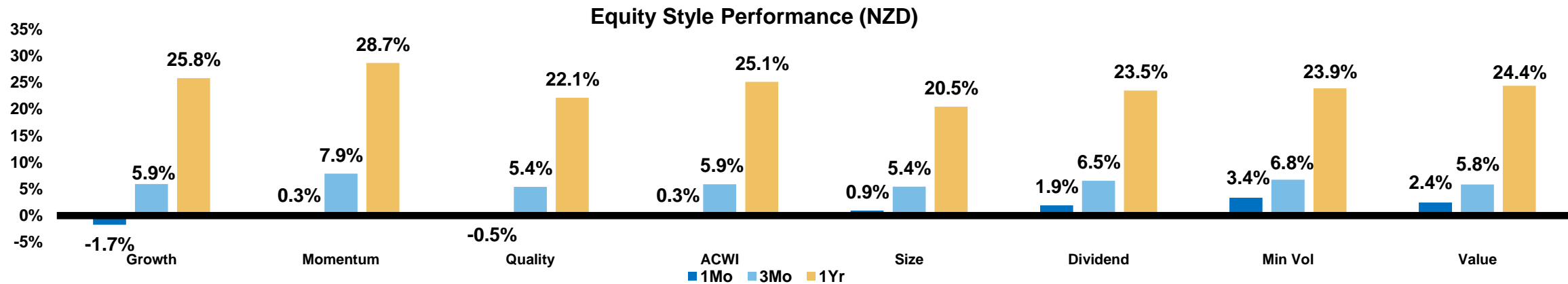
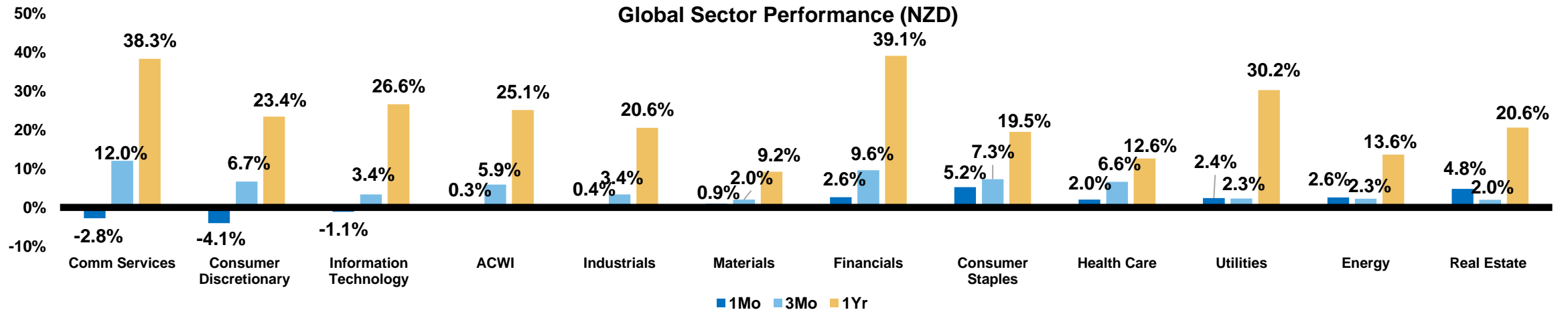


- The MSCI ACWI was broadly flat, up 0.3% (NZD terms) over a volatile February. Top heavy Mag-7 names (ex Apple and Nvidia) held back the index. Nvidia's earnings late month bet expectations, giving the stock a 5% bounce (NZD terms).
- In economic news, February's University of Michigan consumer sentiment index was revised lower to 64.7 from the initial 67.8 reading, the lowest since November 2023.
- January's retail sales weakened versus December, dropping 0.9%, worse than the expected 0.2% decline.
- European stocks hit news highs over Feb. Health care was one of the better performing sectors, boosted by Novo Nordisk, which rose over 7.0% (NZD terms) over the month.
- A weaker pound helped export focussed large UK stocks, with the FTSE AllShare up near 5% (NZD terms).
- Japan's share market fell over Feb, with the TOPIX closing the period down amid a stronger yen, heightened geopolitical risks and a series of mixed economic data. On the data front, inflation accelerated in the 12 months to 31 January, with consumer prices rising 4.0%. This was well up on the 3.6% rise we saw in the previous month and the measure's highest reading since January 2023.

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 28 February 2024

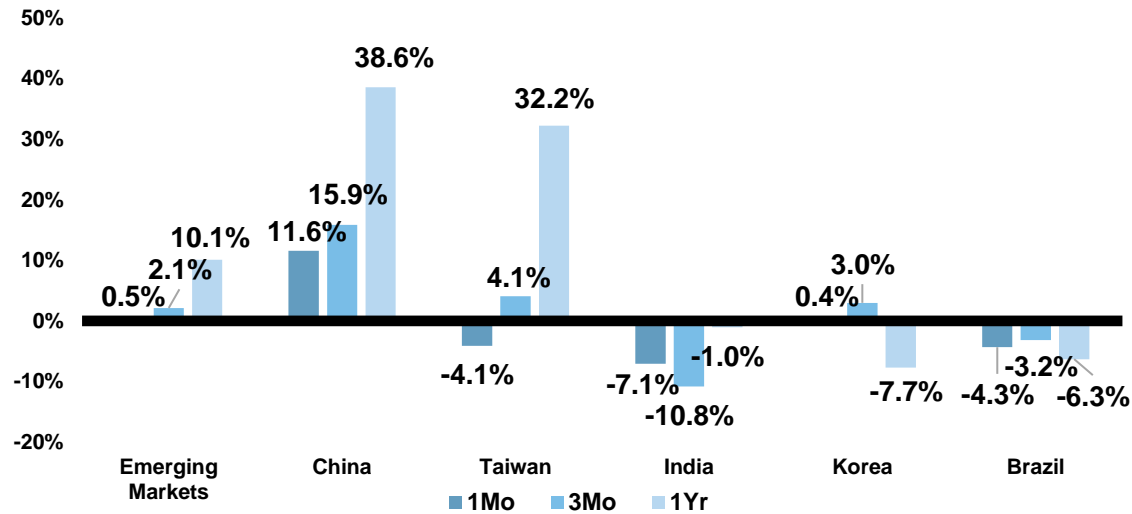


Source: Morningstar Direct, Russell Investments. Energy: MSCI ACWI Energy Net Index, Utilities: MSCI ACWI Utilities Net Index, Materials: MSCI ACWI Materials Net Index, Financials: MSCI ACWI Financials Net Index, Real Estate: MSCI ACWI/EQUITY REITS Net Index, Health Care: MSCI ACWI Health Care Net Index, 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.

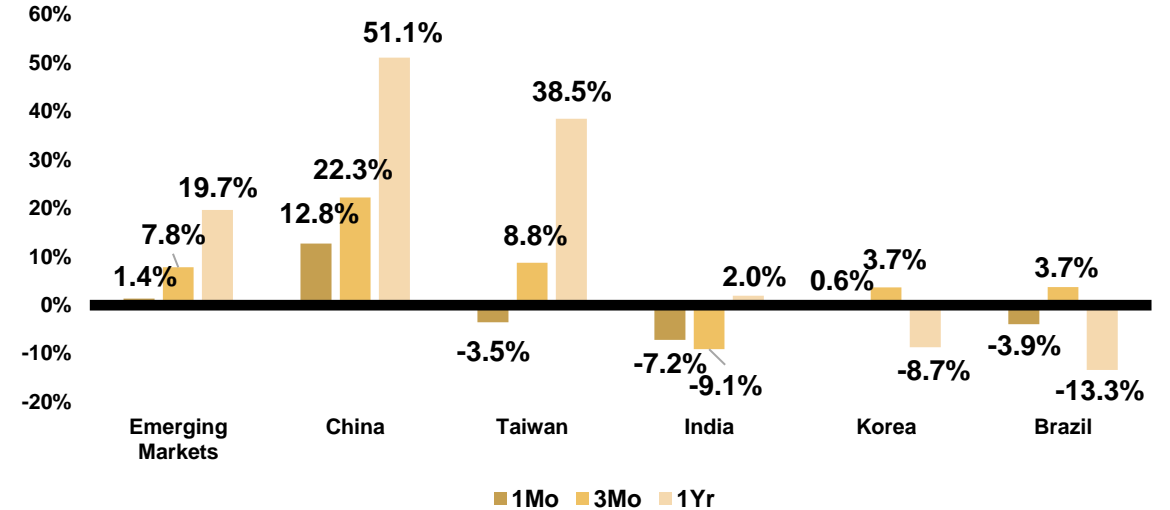
Emerging market performance

Periods ending 28 February 2024

Emerging Market Performance (Base)



Emerging Market Performance (NZD)



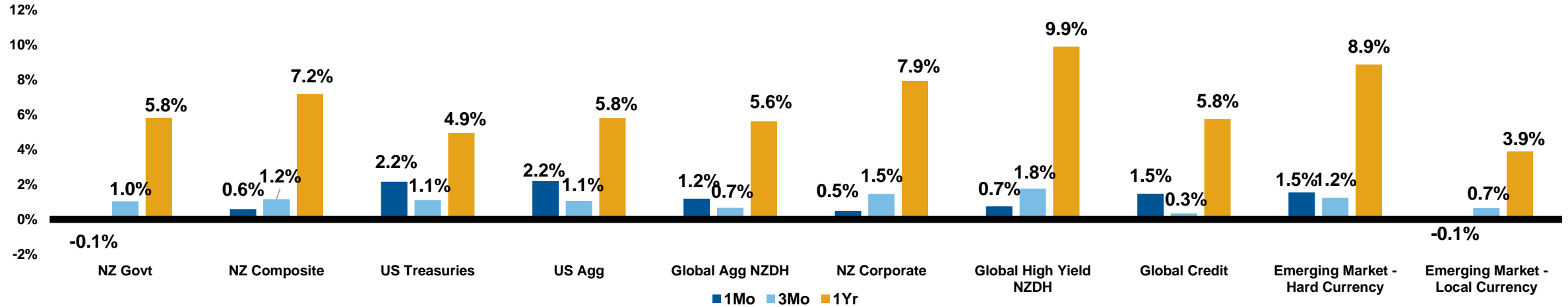
- The MSCI EM Index increased 1.4% (in NZD terms) as China led the way higher, up almost 13% (NZD terms).
- Chinese tech stocks lead index higher with Alibaba and Tencent making double digit gains.
- Stocks fell in Brazil, India and Mexico as concerns over the impact of tariffs weighed on sentiment.
- India's manufacturing PMI dropped to 57.1 in February from 57.7, in a flash reading. In contrast, the services PMI climbed to 61.1 from 56.5, the fastest pace of growth since March last year. The composite was 60.6, up from 57.7.
- Taiwan's export orders fell 3,0% YoY in January versus forecasts of a 1.8% drop. This followed a 20.8% rise in December.

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 28 February 2024

Global Fixed Income (Base Currency)

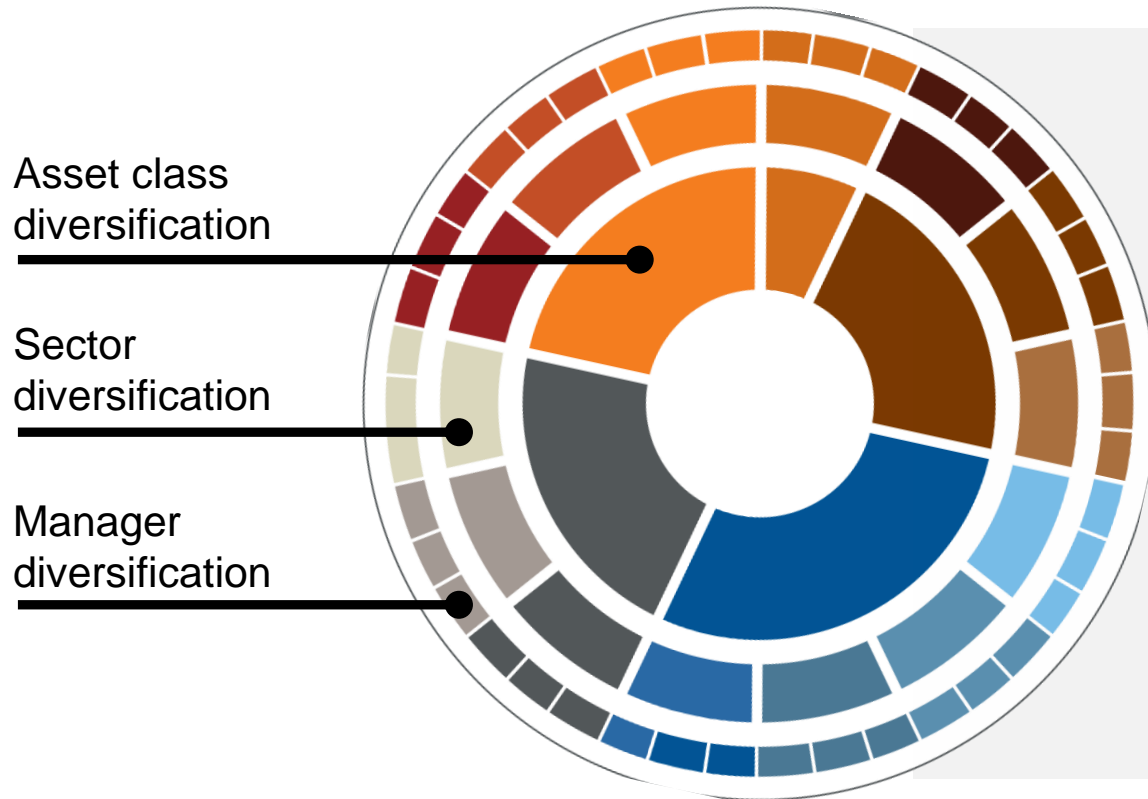


- The Bloomberg Global Aggregate index rose 1.2% (NZDH terms) over the month.
- US Treasuries gained following the release of the latest Federal Reserve meeting minutes, which showed committee members are prepared to keep rates unchanged until inflation weakens further. The underwhelming PMI data, which saw services entering contractionary territory, also supported Treasuries.
- In Europe, bond yields rose amid expectations that governments will have to spend more on defence given the stance taken by the US government, leading to higher bond issuance across the region.
- Meanwhile, the Bank of England governor saw this increase as a short-term issue, as market expectations of rate cuts this year were adjusted from three to two.
- UK inflation rose above expectations in January to 3.0% YoY from December's 2.5%. Core inflation also increased although matched forecasts.

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 NZD: 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 NZD: 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

Biography



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]

Scott O’Ryan

Business Development Manager, Adviser and Intermediary Sales

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, O’Ryan 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).



Connect with Scott on LinkedIn

Biography



Bachelor of Commerce, Victoria
University of Wellington

Falesha Kidd

Business Development Associate

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.



Connect with Falesha on LinkedIn