



MONTHLY PERFORMANCE REPORT

SUSTAINABLE GLOBAL SHARES FUND – OCTOBER 2023

EMBRACE
THE POSS/IBLE®

Russell Investments Sustainable Global Shares Fund

Core global equity solution that goes beyond decarbonisation



Built to deliver global equity returns

Highly diversified, index-oriented portfolio construction; designed to closely replicate the ACWI with minimal active share



Going beyond decarbonisation

Our enhanced decarbonisation strategy targets a greater than 50% reduction in carbon footprint vs MSCI ACWI, while moving beyond divestment and identifies those firms well placed for energy transition



Designed for NZ investors

The fund is the lowest cost 'all country' equity fund available in NZ*, which both unhedged and fully NZD-hedged share classes available.



Proven track record

First proprietary decarbonisation strategy developed internally in 2015, and continuously evolves with climate science

Investment objective

Provide a total return, before costs and tax, in line with the MSCI ACWI Index - Net over the longer term with a focus on reducing the Fund's carbon exposure relative to benchmark

Key facts

Fund structure	Portfolio Investment Entity
Benchmark	MSCI ACWI NR
Launch date	15 December 2021
Fund size	\$434.2M
Portfolio Manager	Andrew Zenonos
Expected tracking error	0.50% p.a.
Est. Total Annual Fund Charge (incl. GST)	0.32% unhedged / 0.34% hedged
Buy / Sell Spreads	0.12% / 0.10% unhedged 0.14% / 0.12% hedged

Source: Russell Investments. Estimated Total Annual Fund Charge as at 31 March 2023, all other data as at 31 October 2023, and denominated in NZD unless otherwise stated *Lowest cost fund that includes both Developed and Emerging Markets on the Morningstar database as at 30 Sep 2021.

Fund Summary

As at 31 October 2023

Assets under management

Fund	Market Value
Sustainable Global Shares	\$177.0 M
Hedged Sustainable Global Shares Fund	\$257.2 M
Total Assets	\$434.2M

Sustainable Global Shares summary (agreed fees)

	Unhedged	Hedged
Inception Date	15 Dec 2021	15 Dec 2021
Management Fee	0.25%	0.25%
Estimated in-fund-costs	0.07%	0.09%
Estimated Total Annual Fund Charge incl. GST	0.32%	0.34%



CERTIFIED BY RIAA

The Russell Investments Sustainable Global Shares Fund (hedged and unhedged) has been certified by the Responsible Investment Association Australasia according to the strict operational and disclosure practices required under the Responsible Investment Certification Program. See <http://www.responsiblereturns.com.au> for details.¹

Fund structure and service providers	
Fund domicile	New Zealand
Legal structure	Portfolio Investment Entity
Issuer	FundRock Limited
Fund manager	Russell Investments
Custodian	BNP Paribas Security Services
Supervisor	Public Trust
Fund Details	
Total Assets	
<i>Unhedged</i>	\$177,029,636
<i>Hedged</i>	\$257,192,396
Benchmark	
<i>Unhedged</i>	MSCI ACWI (NR)
<i>Hedged</i>	MSCI ACWI (NR) NZD-H
Target Tracking Error	0.50%
Dividend Distribution	Semi-annually
Approx. Holdings	1,500
Inception Date	15 December 2021
ESG Strategy	
Decarbonisation Strategy	Target 50% lower carbon emissions than benchmark
Fossil Fuel Reserves	Target 50% lower fossil fuel emissions than benchmark
Energy Transition	Target higher green energy ratio versus benchmark
Material ESG scores	Target higher ESG scores versus benchmark
Portfolio Exclusions	Controversial weapons, Thermal coal, Civilian firearms, Tobacco
Platform Details	
Morningstar SecID	Unhedged – F00001DBYS Hedged – F00001DBYT
FNZ code	Unhedged – RIFSGS Hedged – RIFSGSH

Performance Summary (Unhedged)

Period ending 31 October 2023

Trailing performance

	1 month	3 months	Year-to-date	1 year	3 years	5 years	10 years	Since incep.
Sustainable Global Shares Fund (gross)	-0.03%	-3.80%	16.37%	10.66%	-	-	-	1.56%
Sustainable Global Shares Fund (net)	-0.06%	-3.88%	16.06%	10.31%	-	-	-	1.23%
MSCI ACWI (NR)	0.20%	-3.29%	16.07%	10.37%	-	-	-	2.14%
<i>Difference (gross)</i>	<i>-0.22%</i>	<i>-0.51%</i>	<i>0.30%</i>	<i>0.29%</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-0.58%</i>

Calendar year performance

	2016	2017	2018	2019	2020	2021	2022	2023 YTD
Sustainable Global Shares Fund (gross)	-	-	-	-	-	-	-12.65%	16.37%
Sustainable Global Shares Fund (net)	-	-	-	-	-	-	-12.94%	16.06%
MSCI ACWI (NR)	5.90%	21.55%	-3.92%	25.83%	8.93%	24.66%	-11.63%	16.07%
<i>Difference (gross)</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-1.02%</i>	<i>0.30%</i>

Performance commentary:

The Russell Investments Sustainable Global Shares Fund returned -0.03% in unhedged NZD terms in October, underperforming the benchmark by 0.22%.

Key drivers of the Fund's underperformance were:

- The Fund's exclusion of companies involved in the manufacture of nuclear weapons, including zero exposures to US names RTX Corp. and Lockheed Martin.
- The Fund's structural underweight to the materials space also added value; the sector underperforming the broader market in October.

Source: Russell Investments, MSCI as of 31 October 2023. Net of fees assume highest possible fee and includes estimated in-fund-costs. Fund performance reflects BNP unit pricing methodology using the latest asset price information available. Global assets are valued using asset prices as at previous day and domestic assets as at last day of the month. The benchmark return shown is net of certain withholding tax on dividends, does not include any fees and is not intended to be an indicator of the return to an investor. Performance data is provided for informational purposes only and it 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.

Performance Summary (Hedged)

Period ending 31 October 2023

Trailing performance

	1 month	3 months	Year-to-date	1 year	3 years	5 years	10 years	Since incep.
Hedged Sustainable Global Shares Fund (gross)	-2.90%	-8.40%	8.55%	9.61%	-	-	-	-4.93%
Hedged Sustainable Global Shares Fund (net)	-2.93%	-8.48%	8.24%	9.24%	-	-	-	-5.26%
MSCI ACWI (NR) - NZDH	-2.74%	-7.97%	8.41%	9.46%	-	-	-	-4.55%
<i>Difference (gross)</i>	<i>-0.16%</i>	<i>-0.42%</i>	<i>0.14%</i>	<i>0.15%</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-0.38%</i>

Calendar year performance

	2016	2017	2018	2019	2020	2021	2022	2023 YTD
Hedged Sustainable Global Shares Fund (gross)	-	-	-	-	-	-	-18.16%	8.55%
Hedged Sustainable Global Shares Fund (net)	-	-	-	-	-	-	-18.45%	8.24%
MSCI ACWI (NR) - NZDH	10.55%	21.23%	-7.53%	25.43%	11.84%	20.61%	-17.57%	8.41%
<i>Difference (gross)</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-0.59%</i>	<i>0.14%</i>

Source: Russell Investments, MSCI as of 31 October 2023. Net of fees assume highest possible fee and includes estimated in-fund-costs. Fund performance reflects BNP unit pricing methodology using the latest asset price information available. Global assets are valued using asset prices as at previous day and domestic assets as at last day of the month. The benchmark return shown is net of certain withholding tax on dividends, does not include any fees and is not intended to be an indicator of the return to an investor. Performance data is provided for informational purposes only and it 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 Overview

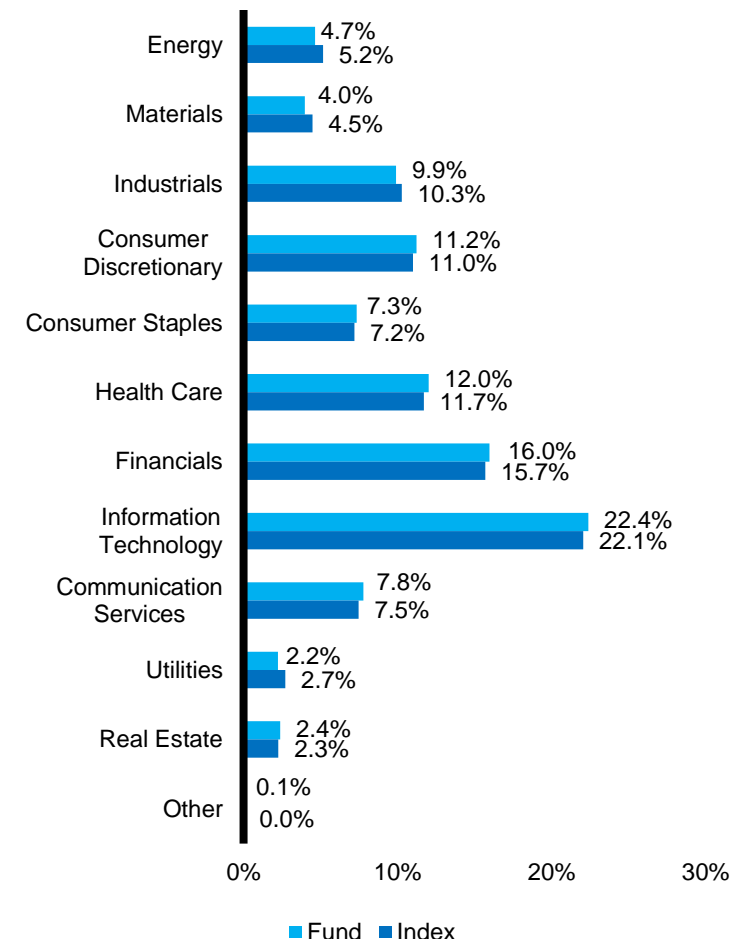
Period ending 31 October 2023

Top 10 Holdings

Holding	Sector	Fund	Index
Apple Inc	Information Technology	4.57%	4.55%
Microsoft Corp	Information Technology	4.06%	4.04%
Amazon Com Inc	Consumer Discretionary	2.06%	2.08%
Nvidia Corporation	Information Technology	1.71%	1.71%
Alphabet Inc	Communication Services	1.25%	1.25%
Meta Platforms Inc	Communication Services	1.13%	1.13%
Alphabet Inc	Communication Services	1.11%	1.12%
Tesla Inc	Consumer Discretionary	0.97%	0.97%
Unitedhealth Group Inc	Health Care	0.85%	0.84%
Berkshire Hathaway Inc	Financials	0.76%	0.75%

Portfolio characteristics	Fund	Index
Number of holdings	1,486	2,947
Dividend Yield (%)	2.65%	3.00%
Fund distribution yield (%)	1.20%	--
Price-to-book ratio (x)	2.62	2.60
Price-to-earnings ratio (x)	16.84	16.65
Price-to-earnings ratio forward 12m (x)	14.98	12.07

Sector Weights

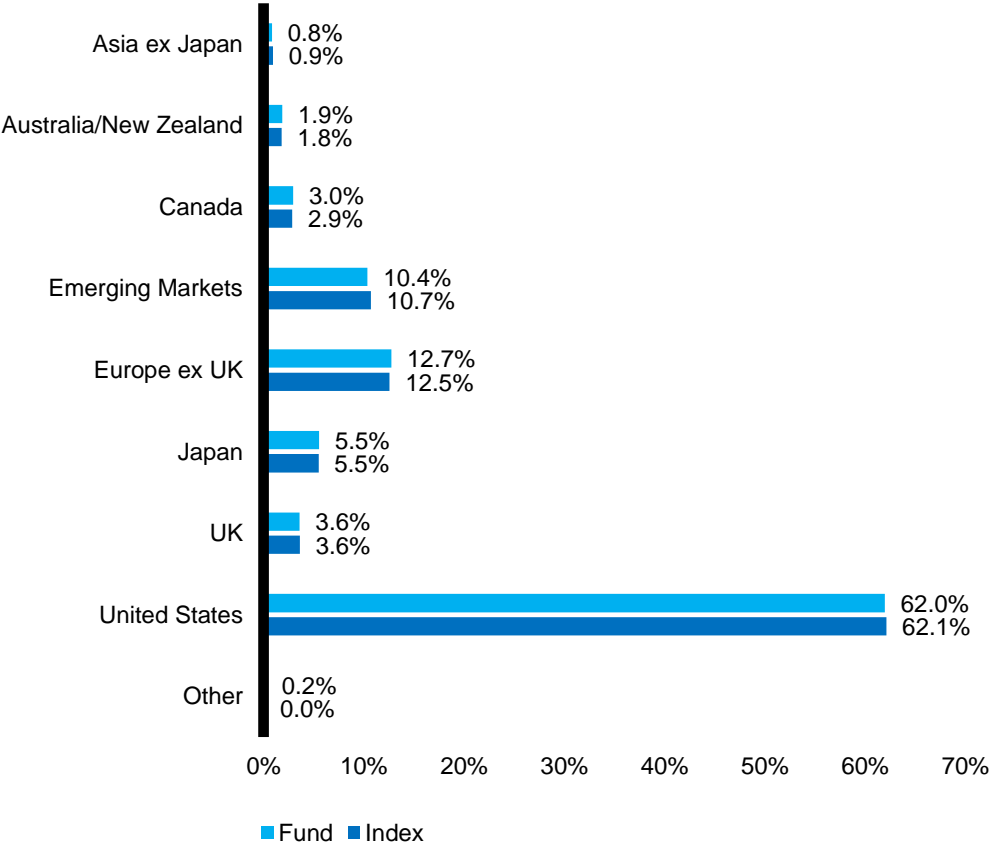


Source: Russell Investments, Morningstar Direct, MSCI as of 31 October 2023. Fund distribution yield uses unhedged fund as representative fund.

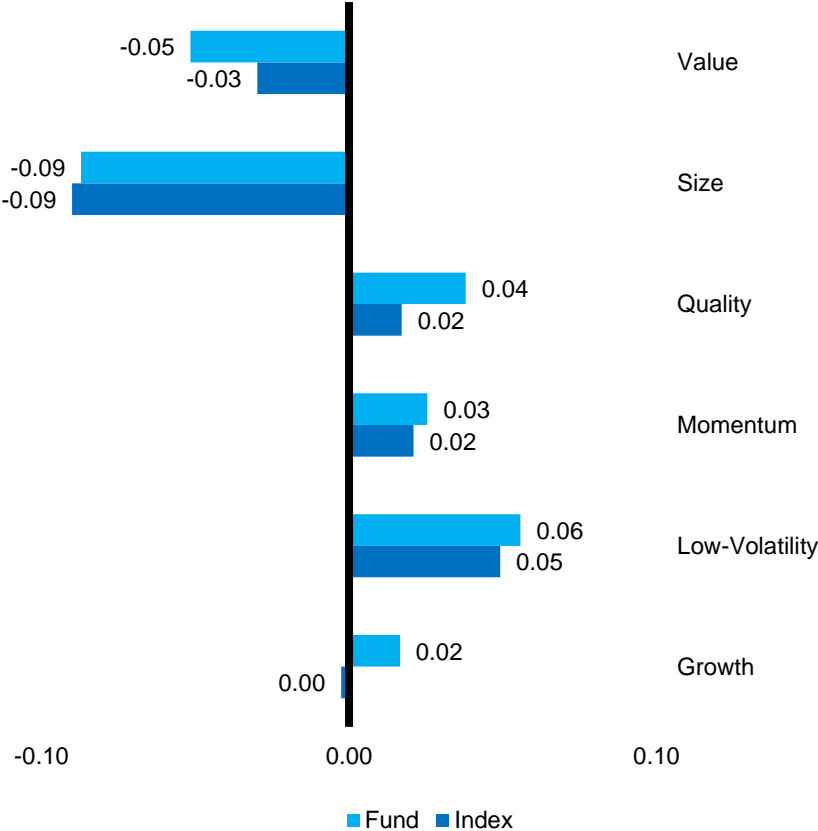
Portfolio Overview (cont.)

Period ending 31 October 2023

Country Weights



Style factors



Source: Russell Investments, Axioma, MSCI as of 31 October 2023. The calibration universe over which the Style factor scores are calculated and standardized is the MSCI ACWI plus MicroCap plus Frontier Index.

Portfolio Overview (cont.)

Period ending 31 October 2023

TOP OVER-WEIGHTS	ACTIVE WEIGHT VS INDEX	SECTOR	CARBON EMISSIONS	CARBON RESERVES	MATERIAL ESG SCORE	GREEN ENERGY RATIO
Ball Corp	0.17%	Materials	66	-	9	-
Texas Pacific Land Trust	0.16%	Energy	51	-	5	-
Hp Inc	0.14%	Information Technology	5	-	10	-
Asian Paints Ltd	0.14%	Materials	13	-	8	-
Ppg Inds Inc	0.13%	Materials	50	-	8	-

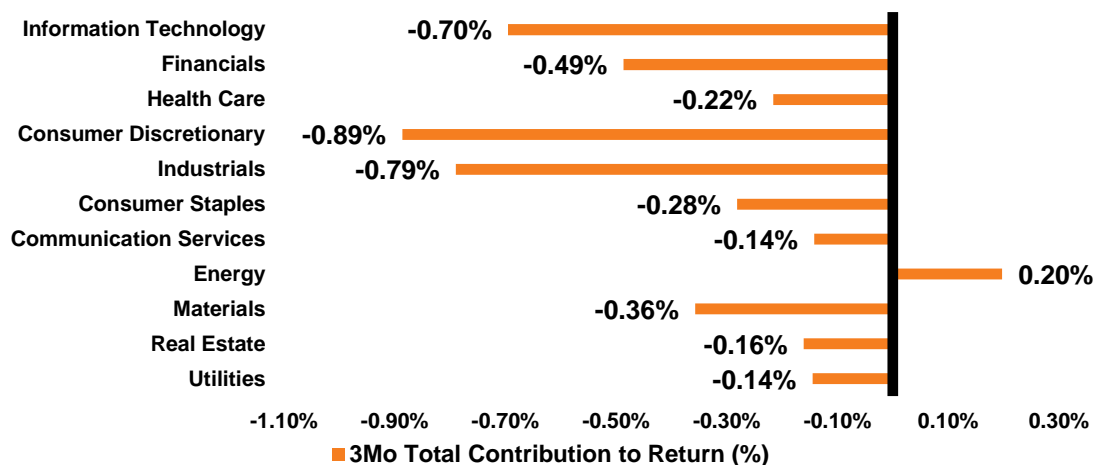
TOP UNDER-WEIGHTS	ACTIVE WEIGHT VS INDEX	SECTOR	CARBON EMISSIONS	CARBON RESERVES	MATERIAL ESG SCORE	GREEN ENERGY RATIO
Linde Plc	-0.32%	Materials	1225	-	6	-
Bhp Group Ltd	-0.24%	Materials	189	36.15	3	-
Philip Morris Intl Inc	-0.23%	Consumer Staples	19	-	2	-
Honeywell Intl Inc	-0.21%	Industrials	59	-	8	-
Rtx Corporation	-0.20%	Industrials	23	-	4	-

Source: Russell Investments, MSCI as of 31 October 2023.

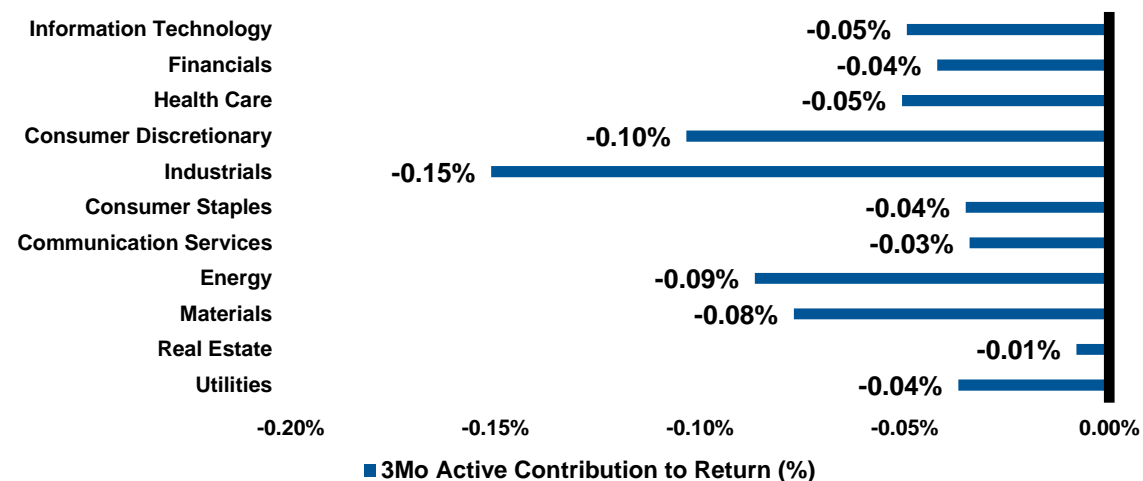
Performance attribution

3Mo to 31 October 2023

3Mo Absolute Contributions by Sector



3Mo Relative Contributions by Sector



TOP 5 RETURN ATT. CONTRIBUTORS	ACTIVE WEIGHT VS INDEX	SECTOR	3MO TOTAL ATT. ALPHA (%)
Texas Pacific Land Corp	0.14%	Energy	0.04%
Boeing Co/The	-0.19%	Industrials	0.03%
Nextera Energy Inc	-0.20%	Utilities	0.02%
Posco Holdings Inc	-0.05%	Materials	0.02%
Lenovo Group Ltd	0.10%	Information Technology	0.01%

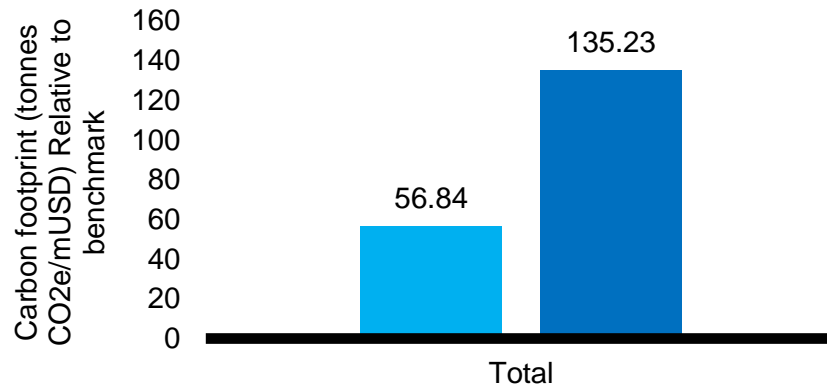
BOTTOM 5 RETURN ATT. CONTRIBUTORS	ACTIVE WEIGHT VS INDEX	SECTOR	3MO TOTAL ATT. ALPHA (%)
Sk Innovation Co Ltd	0.11%	Energy	-0.05%
Orsted A/S	0.06%	Utilities	-0.03%
Naspers Ltd-N Shs	0.03%	Consumer Discretionary	-0.01%
Linde Plc	-0.29%	Materials	-0.02%
Localiza Rent A Car	0.09%	Industrials	-0.02%

Source: Russell Investments, MSCI as of 31 October 2023. Active weight refers to average weight over three months to 31 October 2023. Attribution Analysis illustrates what has helped and hindered the fund over one month and three months at a stock, sector and country level, as compared to the MSCI ACWI. Analysis uses holdings-based attribution and calculates returns based on average weights and security returns over the period, and does not factor in trade timing, trading costs, or other elements of fund accounting that derives official performance. Contributors can be due to overweight or underweight positions in stocks, sectors, countries or regions. In some cases, the fund will not hold any position in a particular security, sector, country or region and this may contribute positively or negatively to relative performance.

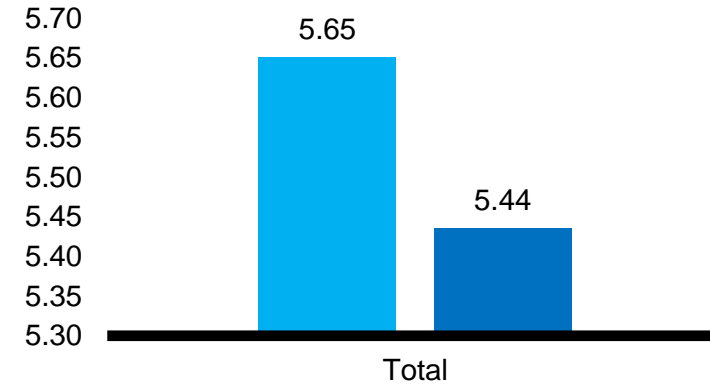
Carbon and ESG Outcomes

Period ending 31 October 2023

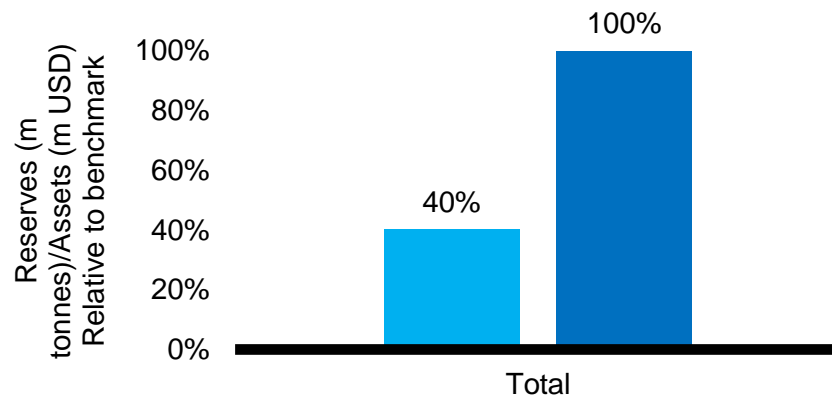
Carbon footprint



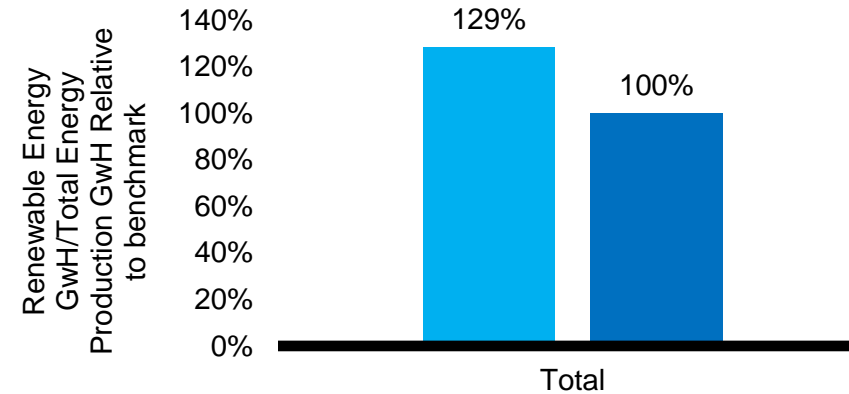
Material ESG Score



Fossil Fuel Reserves



Green Energy Ratio



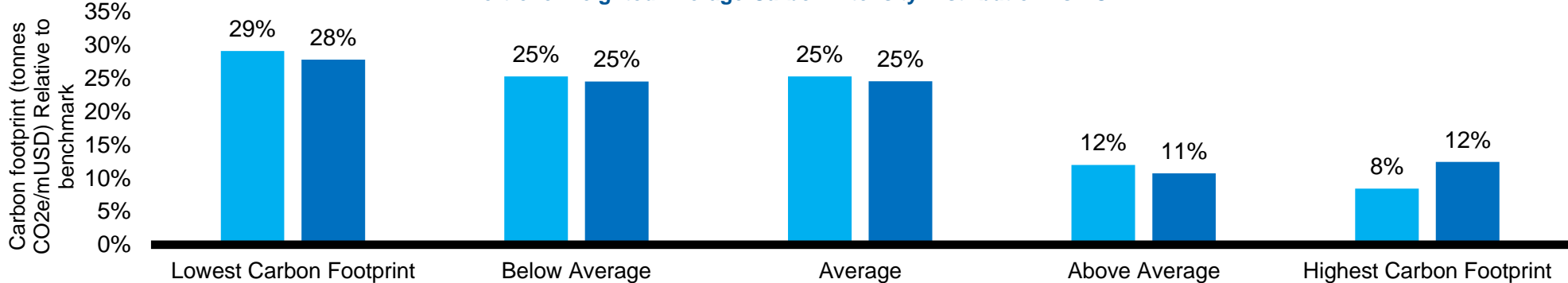
■ Russell Investments Sustainable Global Shares ■ MSCI ACWI

Source: Russell Investments, MSCI as at 31 October 2023. The ESG Score is a proprietary calculation. See the Data Definitions slide for full explanation of how the Material ESG Score, carbon footprint, green energy ratio and fossil fuel reserves are calculated.

Decarbonisation

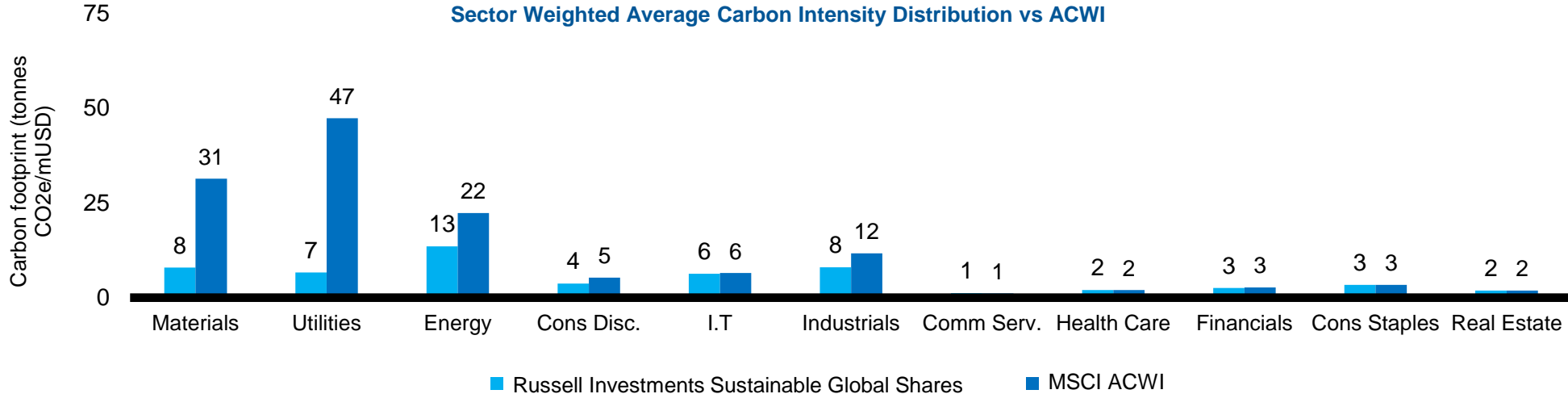
Period ending 31 October 2023

Portfolio Weighted Average Carbon Intensity Distribution vs ACWI



The Sustainable Global Shares Fund allocates greater weight in portfolio to those firms with a lower carbon footprint as measured by WACI compared to the MSCI ACWI.

Sector Weighted Average Carbon Intensity Distribution vs ACWI



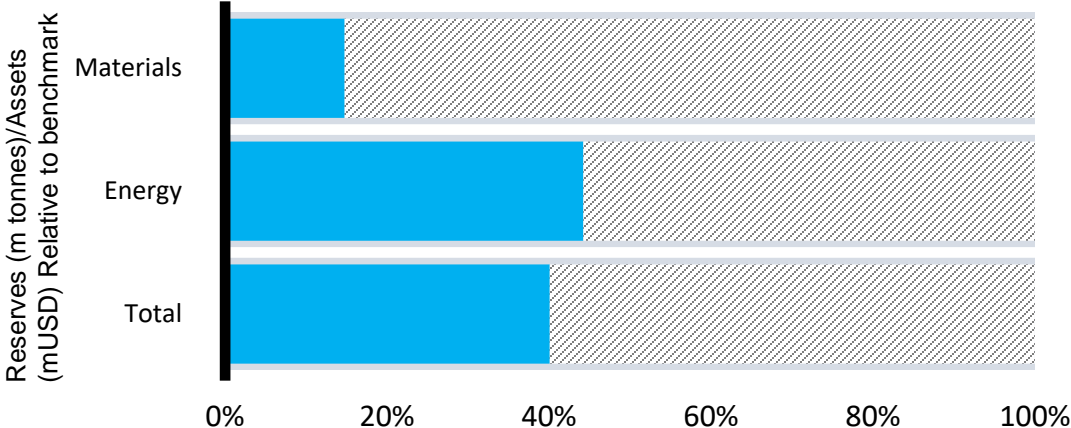
The Sustainable Global Shares Fund allocates greater weight in portfolio to those firms with a lower carbon footprint as measured by WACI compared to the MSCI ACWI.

Source: Russell Investments, MSCI as at 31 October 2023. See the Data Definitions slide for full explanation of how the Material ESG Score, carbon footprint, green energy ratio and fossil fuel reserves are calculated.

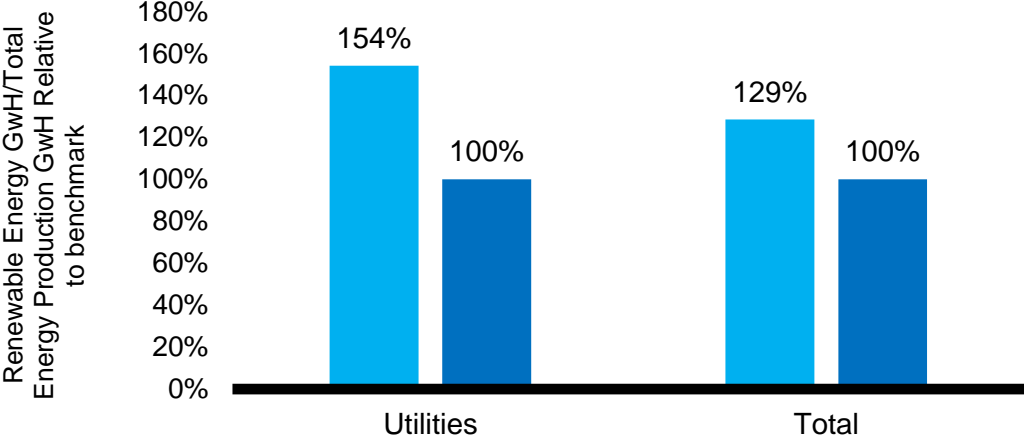
Beyond Decarbonisation

Period ending 31 October 2023

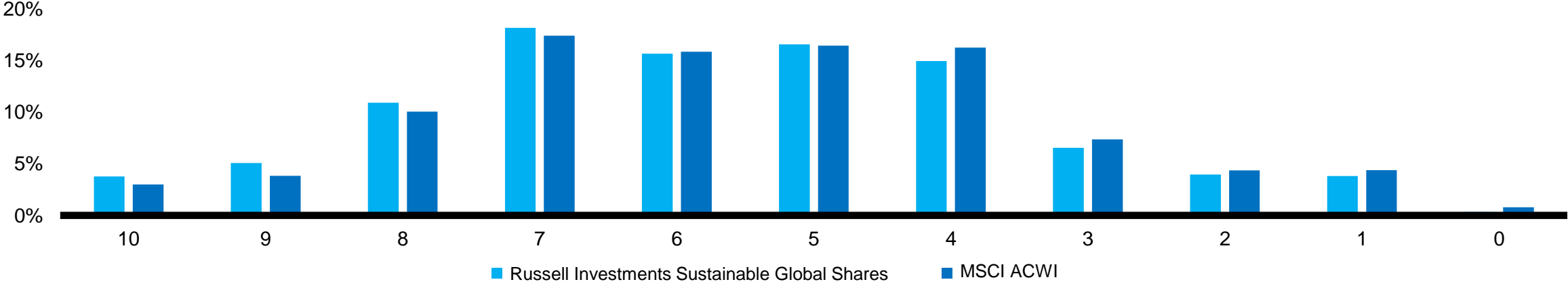
Carbon Reserves



Green Energy Ratio vs Index



Material ESG Scores vs Index



Source: Russell Investments, MSCI as at 31 October 2023. The ESG Score is a proprietary calculation. See the Data Definitions slide for full explanation of how the Material ESG Score, carbon footprint, green energy ratio and fossil fuel reserves are calculated.

Data Definitions



Carbon Emissions

Carbon emissions as Scope 1 (direct) carbon emissions plus Scope 2 (electricity consumption) carbon emissions measured in metric tons of carbon dioxide equivalent (CO₂-e), divided by company revenue (\$m USD).

The company-level carbon intensity is then rolled up to calculate a portfolio-level carbon intensity using the weighted average carbon intensity (WACI) approach.



Carbon Reserves

Carbon reserves refer to the asset relative fossil fuel reserves of a company. Specifically, it is defined as: Fossil fuel reserves (m tonnes) divided by total company assets (\$b USD).



Green Energy Ratio

The green energy score calculates the percentage of total energy produced from renewable energy sources. Specifically defined as: Renewable Energy GwH divided by Total Energy Production GwH Relative to benchmark.



Material ESG Scores

Our Material ESG Score ranges from 0 to 10, where 0 represents weak performance on a company's material sustainability issues, and 10 represents strong performance. The methodology combines the Materiality Map from the Sustainability Accounting Standards Board (SASB) with underlying ESG data provided from MSCI.

Biography



Masters of Public Administration,
London School of Economics and
Political Science

Postgraduate Diploma – Finance,
Massey University

Bachelor of Business Studies,
Massey University

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

For more information

Call Russell Investments at +09 357 6633 or visit russellinvestments.co.nz

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