

Russell Investments Global Shares Fund

Fund facts

Inception date

14 November 2012

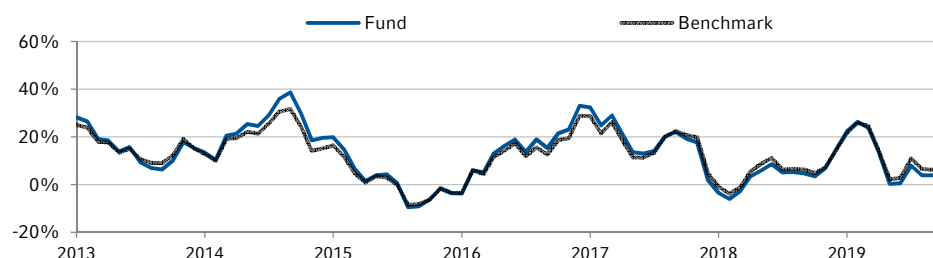
Benchmark

MSCI ACWI Index - Net

Currency

NZD

Rolling 1 year performance history



Performance review

Period ending 31/08/2020	1 month %	3 months %	1 year %	3 years %p.a.	5 years %p.a.	Since inception %p.a.
Gross fund performance	3.9	4.5	6.0	9.3	8.3	13.4
Benchmark return*	4.6	5.6	8.7	11.2	8.8	13.1
Excess return	-0.7	-1.2	-2.8	-1.9	-0.6	0.4

Note: Past performance is not indicative of future performance. Performance data shown is gross of fees, charges or taxes and is not in any way an indicator of the net return to you as an investor.

* MSCI World Net Index until 31/12/2010, Russell Global Large Cap - Net Index until 30/09/2018 and MSCI ACWI Index - Net thereafter. Performance is calculated on exit price.

Fund commentary

The Russell Investments Global Shares Fund underperformed the benchmark in August. Underperformance was driven by poor stock selection in the US. This included a zero exposure to electric car maker, Tesla, and an underweight to technology giant, Apple; both of which posted very strong gains in August. Tesla and Apple remain amongst our largest underweight exposures as we believe both stocks are significantly overvalued. Stock selection in emerging markets also detracted on returns; notably overweights to South Korea's Samsung Electronics and Taiwan's MediaTek and Taiwan Semiconductor Manufacturing Co. All three stocks are amongst our largest overweight holdings. Other notable positions to impact performance over the period were an overweight to South Africa's AngloGold Ashanti and an underweight to China's Meituan Dianping. At the sector level, poor stock selection within information technology and consumer discretionary were the biggest detractors. Meanwhile, the Fund's active positioning strategy (APS) underperformed in August. Our APS complements the Fund's active managers, ensuring reliable exposure to our strategic beliefs at the total portfolio level. The strategy is currently positioned in favour of value and quality to complement our strategic factor positioning. Value is now as cheap as it's been since 2000, while our more defensive quality exposure aims to reduce risk and lower beta. Value, particularly deeper value names, continued to underperform growth over the period while defensive styles like quality struggled as investors favoured riskier areas of the market.

In contrast, the Fund's regional specialists performed well over the period, with the likes of Nissay Asset Management (Japan) and JO Hambro Capital Management (UK) both delivering strong excess returns for the month. In Japan, the Fund benefited from ex-benchmark holdings in travel agency, H.I.S.Co., and amusement store chain, ROUND ONE Corp., while in the UK, ex-benchmark exposures to SDL and Provident Financial added the most value. In terms of sectors, stock selection amongst financials and materials was positive; the latter including overweights to South Korea's LG Chem and Canada's First Quantum Minerals. Other notable holdings to add value over the period were ex-benchmark exposures to China's Pharmaron Beijing Co. and the Netherlands' Yandex NV.

There were no material changes to either the Fund's structure or manager line up in August. In terms of overall positioning, we increased the Fund's overweights to Continental Europe, Japan, the UK and Asia Pacific ex Japan during the month. We also reduced our overweight to emerging markets and extended our underweight to North America.

Russell Investments Global Shares Fund

Sector allocation

	Fund	Benchmark
Information Technology	19.0%	21.7%
Financials	16.1%	12.9%
Consumer Discretionary	14.0%	12.8%
Health Care	11.0%	12.3%
Industrials	9.1%	9.4%
Communication Services	9.1%	9.5%
Consumer Staples	7.1%	7.9%
Materials	7.0%	4.7%
Energy	3.2%	3.1%
Utilities	2.4%	3.0%
Real Estate	1.9%	2.7%
Other	0.2%	-

Geographic exposure

	Fund	Benchmark
North America	55.7%	61.4%
EMEA ex United Kingdom	15.6%	13.3%
Emerging Markets	12.6%	11.9%
Japan	7.7%	6.6%
United Kingdom	5.0%	3.6%
Asia Pacific ex Japan	3.4%	3.1%

Top ten holdings

Apple Inc.
Microsoft Corporation
Taiwan Semiconductor Manufacturing Co., Ltd.
Samsung Electronics Co., Ltd.
Roche Holding AG
Amazon.com, Inc.
Facebook, Inc. Class A
Nestle S.A.
Mastercard Incorporated Class A
Alphabet Inc. Class C

Russell Investments Global Shares Fund

Portfolio structure

Manager	Style	Strategic weight %
Fiera Capital	Core global equities	15.0
J O Hambro Capital Management	UK equity dynamic	8.0
Nissay Asset Management	Japanese equities	8.0
Numeric Investors	Core global equities, global low volatility	12.0
Oaktree Capital	Emerging markets	8.0
Russell Investments	Positioning strategies	18.0
RWC Partners	Global emerging markets	7.0
Sanders Capital, LLC	Core global value	15.0
Wellington Management Company LLP	Core global growth horizons	9.0

Investment performance and positions

The performance in this fact sheet is gross of fees and tax. Investors should also refer to the quarterly Fund Update, which is available on www.iisolutions.co.nz and www.business.govt.nz/disclose

Important Information

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