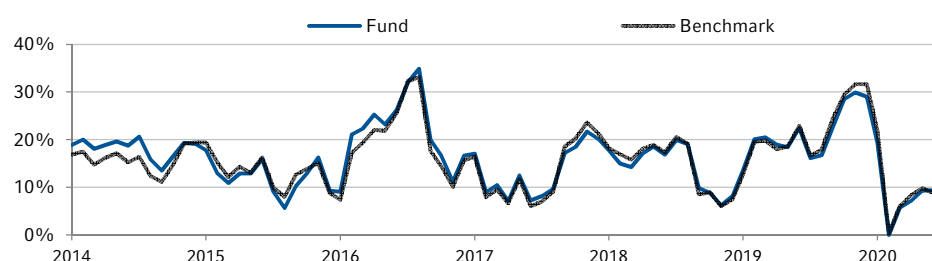


# Russell Investments NZ Shares Fund

Fund facts
<b>Inception date</b>
14 February 2013
<b>Benchmark</b>
S&P/NZX 50 Index (gross) and including imputation credits
<b>Currency</b>
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	1.1	10.3	12.0	16.0	17.4	16.4
Benchmark return*	1.8	9.8	11.8	16.3	17.4	16.0
Excess return	-0.8	0.5	0.2	-0.3	0.0	0.3

\*From 1 July 2016 this is S&P/NZX 50 Index (gross and including imputation credits). Prior to 30 June 2016 this was the Russell New Zealand Domestic Index including imputation credits (previously known as the Russell NZ Tradable Gross Index). Prior to 1 December 2014 the benchmark was the NZX50 Index including imputation credits. Performance is calculated on exit price.

## Fund commentary

The Russell Investments NZ Shares Fund underperformed the benchmark in August. Contributing to the Fund's underperformance was an overweight exposure to the poor-performing consumer staples sector. This included our holdings in Sanford and a2 Milk Company; the two worst-performing stocks in the index. Sanford traded lower on news the company will close its Tauranga fish processing plant, while a2 Milk Company fell after management said it expects its earnings margin to shrink by 30% this year. An underweight to utilities also detracted from returns; the sector rising 6.8% as investors favoured the more sustainable dividends it offers. Performance was further impacted by poor stock selection within the real estate and energy sectors; the former including underweights to Vital Healthcare Property Trust and Investore Property. Other notable positions to impact returns over the period were an ex-benchmark holding in Pacific Edge and an underweight to Chorus Ltd. Pacific Edge gave back some of last month's massive gains, while Chorus Ltd. rose after analysts upgraded the stock in the wake of a solid earnings result. In contrast, the Fund benefited from strong stock selection within the information technology space. Much of this was driven by an overweight to Vista Group International. Vista surged despite announcing a significant drop in earnings as investors focused instead on the company's more competitive position and healthy balance sheet following its recent capital raising. Other notable holdings to add value were overweights to healthcare names Summerset Group and EBOS Group and a zero exposure to Synlait Milk.

Meanwhile, the Fund's factor positioning strategy underperformed in August, driven in part by an underweight to higher growth names like Pushpay Holdings. Partly offsetting this was the strategy's overweight to value stocks, including retailer Kathmandu and Summerset Group.

In terms of overall positioning, we increased the Fund's holdings in Fisher & Paykel Healthcare, EBOS Group and Mainfreight over the period. We also reduced our overall exposures to a2 Milk Company and Spark New Zealand.

Moving forward, the Fund is most overweight healthcare. We also favour consumer staples and information technology; notably select quality growth names whose potential rate and sustainability of growth we feel has yet to be fully priced in. In contrast, the Fund is most underweight utilities, real estate and communication services; sectors where we believe valuations are high relative to their growth prospects.

## Russell Investments NZ Shares Fund

The following information provides the investment and exposures within the underlying investment portfolio. Please note that this information is indicative only and is provided for general purposes only.

### Portfolio information

	Fund	Benchmark
Number of equity issuers	54	50
Migrant investor - eligibility	Foreign investment variable rate PIE	

### Fund structure

	Strategic weight %
Devon Funds Management	40
Harbour Asset Management	40
Russell Investments	20

### Top 10 holdings

	Fund %	Index %
Fisher & Paykel Healthcare Corporation	14.7%	17.2%
a2 Milk Company Ltd.	13.9%	11.2%
Spark New Zealand Limited	9.5%	7.2%
Contact Energy Limited	5.7%	3.6%
Meridian Energy Limited	5.7%	5.2%
Mainfreight Limited	5.6%	3.3%
Auckland International Airport Limited	4.7%	6.4%
Metlifecare Limited	2.9%	0.8%
EBOS Group Limited	2.6%	2.5%
Summerset Group Holdings Limited	2.5%	1.6%

### 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](http://www.iisolutions.co.nz) and [www.business.govt.nz/disclose](http://www.business.govt.nz/disclose)

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