

Russell Investments Global Fixed Interest Fund



Portfolio Manager
Gerard Fitzpatrick

Russell Investments' Global Fixed Income Team comprises over 9 experienced professionals, including portfolio managers, 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

21 December 2011

Benchmark**

Bloomberg Global Aggregate Index (\$NZ Hedged)

Currency

NZD

Total Annual Fund Charges

0.59%

Management Fees

0.47%

Estimated Administration Fee

0.12%

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 Global Aggregate Index – New Zealand dollar Hedged over the long term (3 years plus).

Fund update

Interest rates positioning detracted from performance (in aggregate) over the period, including overweights to US Treasuries; notably one-, 10- and 15-year issues. Partly offsetting this positioning were overweights to two-, three-, thirty- and fifty-year issues. An overweight to UK gilts and an underweight to Japanese government bonds also contributed positively to performance. In terms of active currency positioning, short Chinese yuan and long Japanese yen positions weighed on overall returns, while a long US dollar (USD) exposure added value. In terms of overall positioning, the Fund maintains a long duration exposure versus the benchmark, with overweights to US Treasuries and UK gilts and an underweight to Japanese government bonds. Credit positioning remains below strategic levels, with a tactical underweight in place.

Performance review (%)

Period ending 30/09/2023	1 month	3 months	1 year p.a.	3 years p.a.	5 years p.a.	Since inception p.a.
Gross fund performance	-2.16	-2.10	0.63	-3.96	0.64	4.03
Net fund performance	-2.21	-2.25	0.04	-4.60	-0.07	3.25
Benchmark return	-1.71	-1.82	1.67	-3.93	0.25	3.15
Excess fund performance (gross)	-0.45	-0.28	-1.04	-0.03	0.39	0.88

Rolling 12 month performance (%)

Period ending 30/09/2023	30/09/18 30/09/19	30/09/19 30/09/20	30/09/20 30/09/21	30/09/21 30/09/22	30/09/22 30/09/23
Gross fund performance	9.96	6.02	0.93	-12.79	0.63
Net fund performance	9.11	5.19	0.14	-13.33	0.04
Benchmark return	9.96	3.86	-0.59	-12.28	1.67

Net fund performance shown is net of fees and charges. Assumes reinvestment of income. Past performance is not a reliable indicator of future performance. 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.

Portfolio statistics

	Fund	Benchmark
Duration	7.25	6.57
Yield to worst	5.42%	3.41%
Yield to maturity	5.43%	3.42%
Average quality/rating	A	AA
Number of issuers	399	3892

Data as at 31 August 2023

3 years	Fund	Benchmark
Volatility	5.10%	4.94%
Tracking error	1.08%	-
Sharpe ratio	-1.04	-
Information ratio	-0.03	-

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Top ten issuers (%)

Security	Fund	Benchmark
Japan	12.31	10.68
United States of America	11.00	16.70
Bundesrepublik Deutschland	3.93	2.32
Estados Unidos Mexicanos	2.27	0.48
U.K. of Great Britain and Northern Ireland	2.16	2.85
European Union	2.11	0.60
Government National Mortgage Association 2	1.95	2.40
Romania	1.72	0.17
Canada	1.24	0.93
Federal National Mortgage Association	1.10	8.40

Data as at 31 August 2023

Credit ratings (%)

	Fund	Benchmark
AAA	37.42	36.44
AA	7.16	16.58
A	20.84	30.66
BBB	25.09	15.93
Under BBB	5.30	0.36

Data as at 31 August 2023

Cash/Cash equivalents are classified as AAA from a credit ratings perspective.

Regional weights (%)

	Fund	Benchmark
US	39.00	41.37
EMEA ex UK	20.60	24.03
Japan	12.31	11.22
Unknown	10.14	-
Emerging	4.93	11.94
Other	4.77	2.34
UK	3.28	2.89
Frontier	2.20	0.47
Canada	2.07	2.71
Asia/Pacific ex Japan	0.70	3.03

Data as at 31 August 2023

Sector allocation (%)

	Fund	Benchmark
Government	47.56	65.85
Corporate	27.97	22.31
Securitized Products	14.37	11.84
Cash	10.14	-
Derivatives & Other	-0.04	-

Data as at 31 August 2023

ESG data

	Fund	Benchmark
ESG Risk Score**	22.2	22.7
Carbon Footprint***	169.8	226.3

Data as at 31 August 2023

**Higher scores imply higher ESG risk

***Higher score implies greater carbon exposure

The ESG Risk Score is the weighted average of the Sustainalytics' Risk Score for companies in the portfolio. The Sustainalytics' Risk Score focuses on ESG issues that are financially material to the company and incorporates both risk exposure and issue management. The scores range from 0 to 100 where higher scores imply higher ESG risk. The Carbon Footprint is the Weighted Average Carbon Intensity which we define as relative carbon emissions as the weighted average of portfolio companies' Scope 1 & 2 GHG emissions divided by revenue (CO2e/\$1M revenue USD).

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Portfolio structure (manager weight)

Manager	Style	Target Allocation
BlueBay	Country selection	29%
Russell Investments	Integrated Global Governments	14%
Russell Investments	Intelligent Credit (Systematic)	20%
Russell Investments	Liquidity	3%
Schroders	Securitised specialist	13%
Western Asset Management	Security selection	21%

Footnotes

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

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