

Russell Investments Global Bond Fund

Article 8



Senior 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

Share class; Dealing ccy

Class A Acc; USD

Dealing frequency; Cut off

Daily; 2.00pm GMT

Domicile; Category

Ireland; UCITS

Fund size

USD 1,549.66m

ISIN; Bloomberg

IE0003507161; FRIGLAA ID

Fund launch date

30 September 1994

Share class launch date

30 September 1994

Management fee

0.65%

Share class NAV

USD 272.03

Fund objective

The Fund aims to achieve income and growth by investing at least 70% of its assets worldwide in bonds, and debt instruments, including mortgage and asset backed securities. The Fund is actively managed with reference to the Bloomberg Global Aggregate Index (USD) - Total Returns (the "Index") which it seeks to outperform by 1% over the medium to long term. Russell Investments/ Money Managers have full discretion to select investments for the Fund.

This product is an Article 8 product, as defined under EU regulation - it promotes environmental or social characteristics and invests in companies that follow good governance practices. This product does not have sustainable investment as its objective.

Fund update

The Fund was in line with the benchmark in August. Rates positioning was negative on aggregate. An overweight to shorter duration UK gilts detracted. An overweight to US Treasuries also weighed on performance. Currency allocations were also unrewarded. Although an overweight to the US dollar was effective, this was offset by an underweight to the Chinese yuan renminbi and an overweight to the Japanese yen. Credit positioning was negative over the month. In hard currency emerging market debt, overweight to European and Latin American investment grade credit was unhelpful.

Performance review (%)

| Performance to period end Returns shown in USD | 1 month | 3 months | Year to date | 12 months | 3 years | 5 years | Since inception* |
|---|------------|-------------|-----------------|--------------|------------|------------|---------------------|
| Return gross of management fee Class A Acc | -1.3 | -1.0 | 0.1 | -1.5 | -6.1 | -0.9 | 4.2 |
| Return net of management fee Class A Acc | -1.4 | -1.2 | -0.4 | -2.2 | -6.7 | -1.5 | 3.5 |
| Bloomberg Global Aggregate Index (USD) - Total Returns | -1.4 | -0.7 | 0.7 | -0.1 | -6.1 | -1.2 | 3.6 |

*Inception: 30 September 1994

All returns greater than 1 year are annualised

Discrete rolling 12 month performance (%)

| Returns shown in USD | 30/06/23 30/06/22 | 30/06/22 30/06/21 | 30/06/21 30/06/20 | 30/06/20 30/06/19 | 30/06/19 30/06/18 |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|
| Return gross of management fee Class A Acc | -2.2 | -15.6 | 5.0 | 5.6 | 5.3 |
| Return net of management fee Class A Acc | -2.9 | -16.1 | 4.3 | 4.9 | 4.6 |
| Bloomberg Global Aggregate Index (USD) - Total Returns | -1.3 | -15.2 | 2.6 | 4.2 | 5.8 |

| Returns shown in USD | 30/06/18 30/06/17 | 30/06/17 30/06/16 | 30/06/16 30/06/15 | 30/06/15 30/06/14 | 30/06/14 30/06/13 |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|
| Return gross of management fee Class A Acc | 1.6 | -0.6 | 7.5 | -6.7 | 7.3 |
| Return net of management fee Class A Acc | 1.4 | -2.2 | 8.9 | -7.1 | 7.4 |
| Bloomberg Global Aggregate Index (USD) - Total Returns | 2.3 | 0.1 | 8.2 | -6.1 | 8.0 |

Past performance does not predict future returns.

The current benchmark is the Bloomberg Global Aggregate Index (USD) - Total Returns converted into the currency displayed in the performance table above where applicable. Effective August 24, 2021, the Bloomberg Barclays fixed income indices were rebranded the Bloomberg Indices. The benchmark prior to 24th August 2016 was the Barclays Global Aggregate Bond Index. From October 2001 to November 2008 the index was the Lehman Brothers Global Aggregate Index. The benchmark prior to October 2001 was SSB WGBI.

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Global Bond Fund (continued)

Portfolio statistics

| | Fund | Benchmark |
|-----------------------|------|-----------|
| Effective duration | 7.2 | 6.6 |
| Average maturity | 10.2 | 8.7 |
| Average credit rating | A | AA |
| Yield to worst | 4.4 | 3.9 |

Data as at 31 July 2023

| 3 years | Fund | Benchmark |
|----------------------------|-------|-----------|
| Volatility | 7.6 | 7.6 |
| Tracking error | 1.1% | - |
| Sharpe ratio | -1.1 | -1.0 |
| Information ratio | -0.6 | - |
| 3 year return (net) | -6.7% | -6.1% |
| 3 year excess return (net) | -0.6% | - |

Ten largest holdings by weight

| Security | Fund |
|--|------|
| Japan (5 Year Issue) 0.1 20-Sep-2023 | 3.4% |
| Treasury Bill 0 16-May-2024 | 1.8% |
| Treasury Bill 0 12-Sep-2023 | 1.7% |
| Treasury Bill 0 19-Sep-2023 | 1.2% |
| European Union Bill 0 08-Dec-2023 | 1.2% |
| European Union Bill 0 10-Nov-2023 | 1.1% |
| Japan (2 Year Issue) 0.005 01-Jul-2025 | 1.0% |
| G2sf 5.5 21-Sep-2023 | 0.9% |
| Us Treasury N/B 3.5 31-Jan-2028 | 0.9% |
| Us Treasury N/B 1.5 15-Aug-2026 | 0.8% |

Source: State Street

Sector weights

| | Fund | Benchmark |
|-------------|-------|-----------|
| Treasuries | 38.8% | 44.7% |
| Corporates | 25.4% | 17.8% |
| Securitised | 16.0% | 14.2% |
| EMD Hard | 6.6% | 3.0% |
| Other | 5.2% | 0.0% |
| Gov-related | 4.8% | 8.2% |
| EMD Local | 3.1% | 12.1% |
| Loans | 0.0% | - |

Data as at 31 July 2023

Credit quality weights

| | Fund | Benchmark |
|------------|-------|-----------|
| AAA & Cash | 38.3% | 39.1% |
| AA | 7.2% | 14.0% |
| A | 19.4% | 30.4% |
| BBB | 26.0% | 16.0% |
| BB | 4.9% | 0.4% |
| B | 0.2% | 0.0% |
| CCC | 0.3% | 0.0% |
| NR/Other | 3.7% | 0.0% |

Data as at 31 July 2023

Market weights (ccy)

| | Fund | Benchmark |
|--------|-------|-----------|
| USD | 49.1% | 45.2% |
| EUR | 28.0% | 22.0% |
| JPY | 10.8% | 11.0% |
| GBP | 6.4% | 4.0% |
| CAD | 1.5% | 2.7% |
| ZAR | 1.0% | - |
| MXN | 0.9% | 0.4% |
| CNY | 0.6% | 8.7% |
| AUD | 0.3% | 1.4% |
| Others | 1.4% | 4.7% |

Data as at 31 July 2023

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Global Bond Fund (continued)

ESG data

| | Fund | Benchmark |
|------------------|-------|-----------|
| ESG Score | 22.3 | 22.6 |
| Carbon footprint | 165.8 | 229.0 |

Data as at 31 July 2023

Source: The portfolio-level ESG Risk Rating is the weighted average of the Sustainalytics' Risk Rating for securities in the portfolio. The Sustainalytics Risk Rating details are available at <https://www.sustainalytics.com/esg-data>. Carbon footprint is the weighted average carbon intensity of the Scope 1 and 2 carbon emission intensity of companies in the portfolio. It is measured in tonnes of CO₂e divided by revenue (USD \$M).

Fund structure

| Manager/Strategy | Role in fund | Target | Actual |
|------------------------------------|---|--------|--------|
| RBC Global Asset Management | Country selection with focus on macroeconomic fundamentals and technicals | 29.0% | 33.1% |
| Schroder | Securitized specialist focusing on US non-agency residential mortgages | 13.0% | 16.4% |
| Western Asset Management | Focus on long-term bottom-up fundamentals, with topdown macroeconomic views | 21.0% | 12.3% |
| Russell Investments | Positioning strategy targeting currency and rate factors | 37.0% | 32.6% |
| Russell Investments (cash & other) | | - | 5.6% |

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