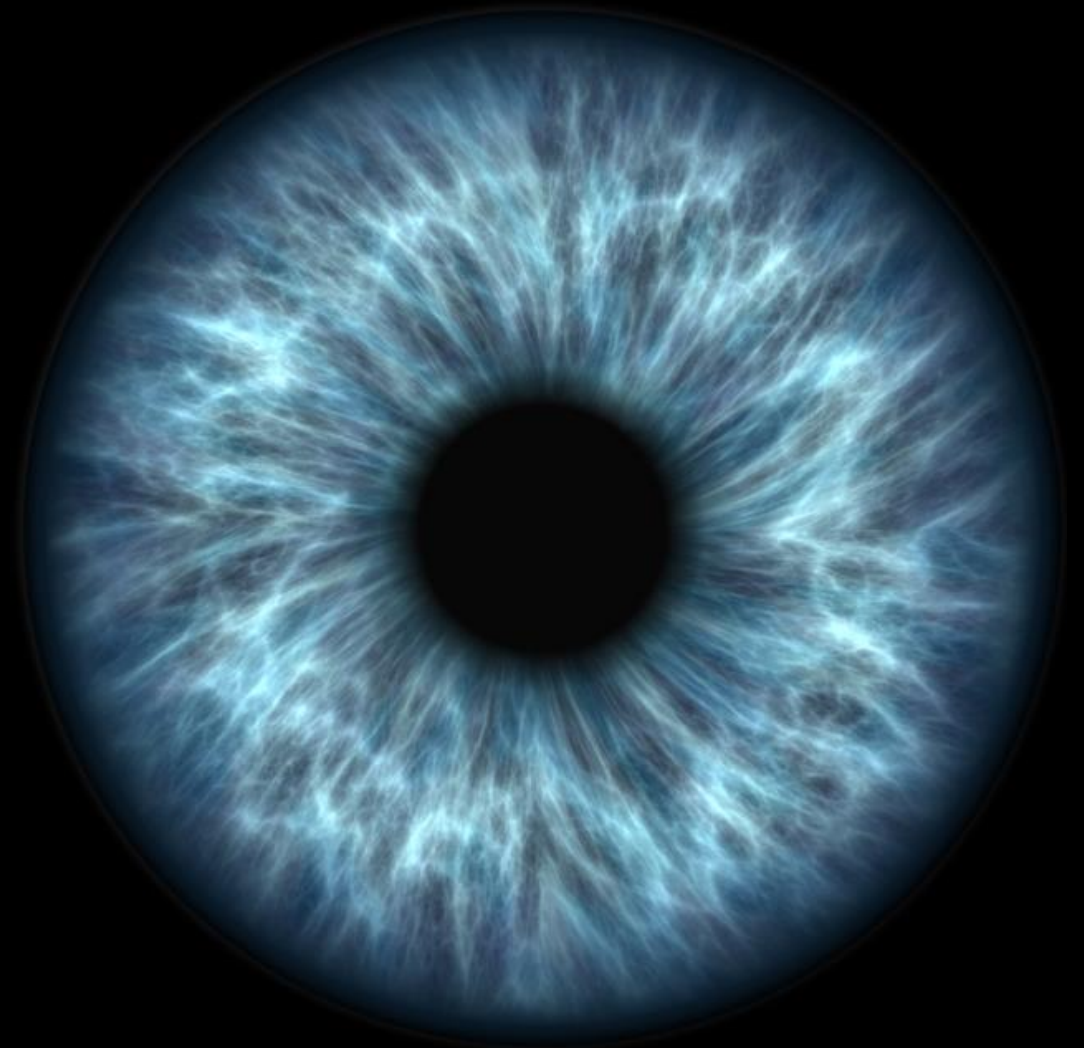


FOCUS



Quarterly Fund Review

**Q3 2019:
Russell Investments Multi-Asset
Growth Strategy Fund (MAGS)**



Key Investment Themes

Volatility increases, late-cycle uncertainty continues

CENTRAL BANKS LOWER RATES

The Fed cuts twice in the quarter. The RBA cuts to 1% record low, with more cuts expected. The ECB cuts and engages in QE.

TRADE WAR CONTINUES

The US announces fresh tariffs on Chinese goods, triggering retaliations from China.

BOND YIELDS CONTINUE FALLING

Global data deteriorates further. Yields fall on trade uncertainty and dovish central banks.

Shares continue rallying, DM > EM

Bond complex stronger

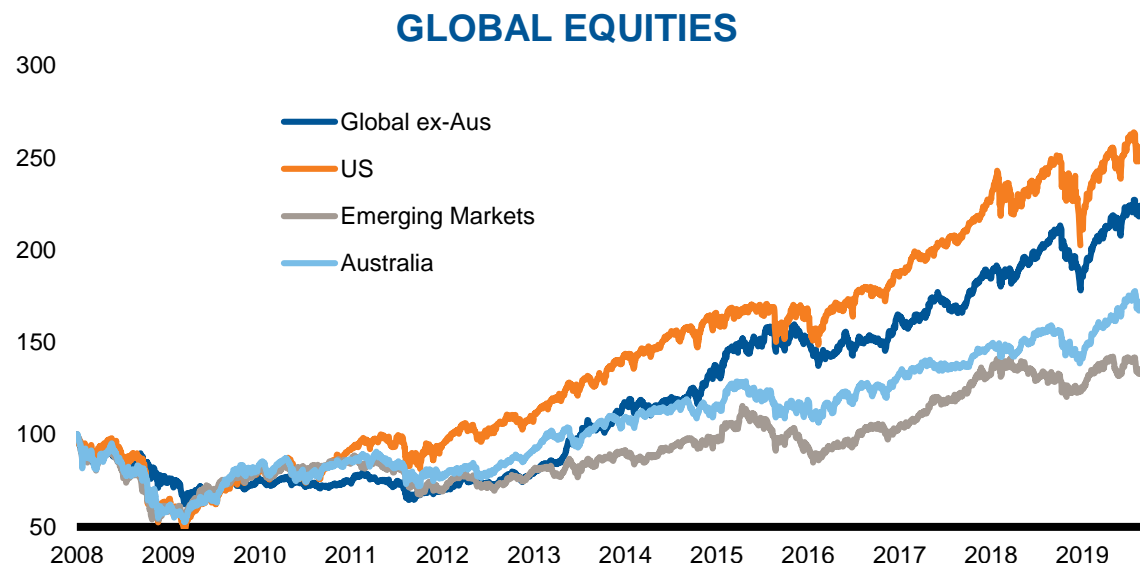
Rate sensitives continue rallying



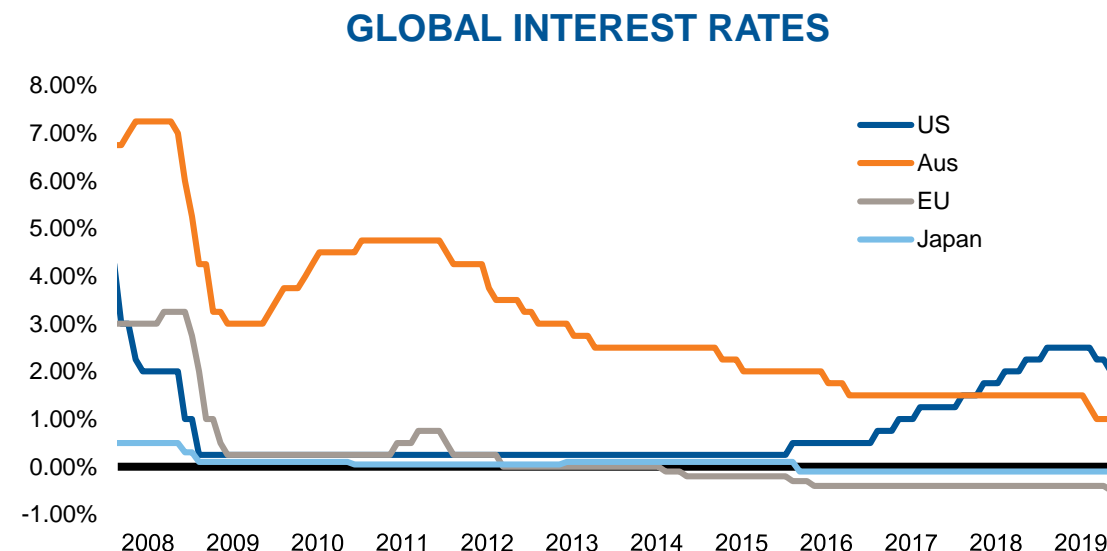
Source: Confluence, Bloomberg, Russell Investments. As at 30 Sep 2019. Returns are gross of fees.

The current market cycle

Quantitative easing has propelled a long, slow equity bull market led by the US



1/ MSCI World ex-Australia Net Total Return Index (AUD), 2/ S&P 500 Total Return Index, 3/ MSCI Emerging Markets Net Total Return (AUD), 4/ S&P/ASX 300 Accumulation Index
Past performance is not a reliable indicator of future performance.

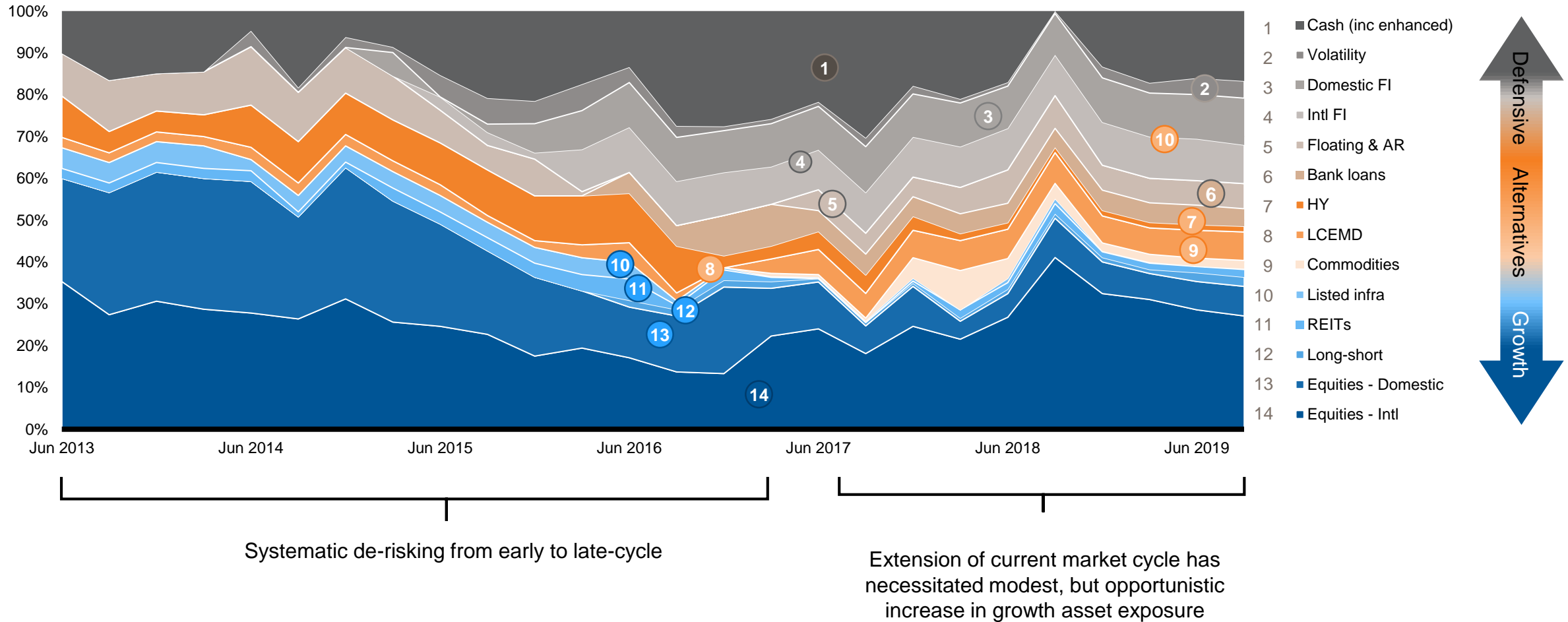


1/ US federal funds rate, 2/ Australia RBA cash rate, 3/ Europe ECB deposit facility rate, 4/ Japan short-term policy interest rate
Past performance is not a reliable indicator of future performance.

- > Following the GFC, central banks lowered rates across the developed world in order to stimulate economies.
- > While economic growth was slow to respond, asset prices rose rapidly as investors were forced to chase yields in higher-risk asset classes.
- > The cycle continues to be prolonged by unconventional monetary policy (QE, ultra-low / negative interest rates) and strong US fiscal stimulus (Trump tax cuts).

MAGS asset allocation over time

Balancing return and downside risk objectives



Russell Investments MAGS

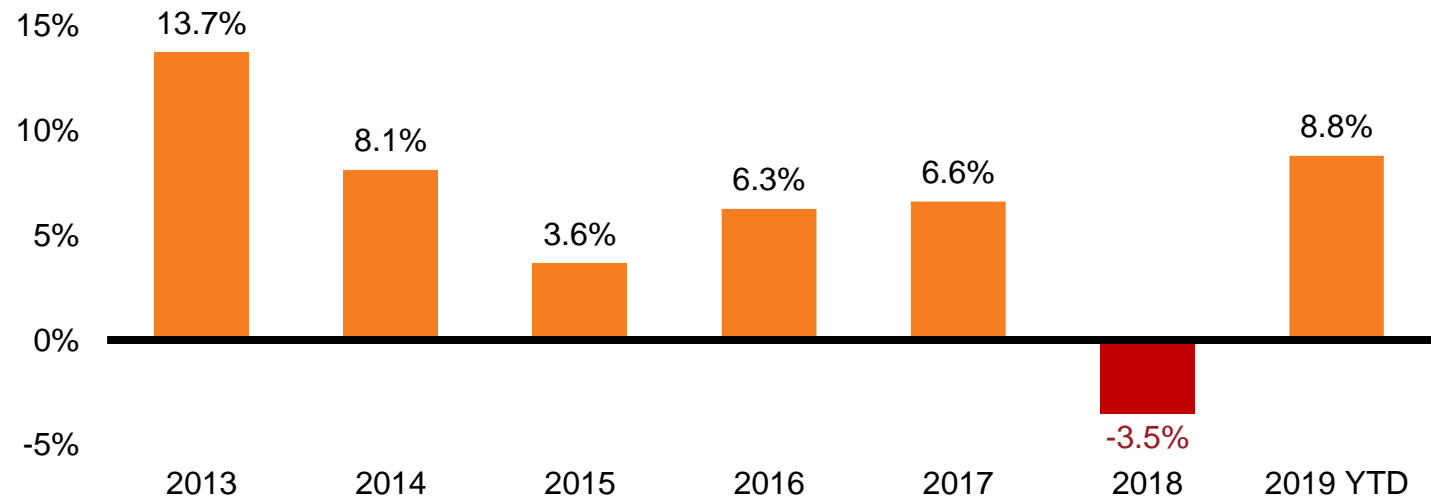
MAGS total return of 0.8%* for Q3 2019

- > **Asset allocation:** Largest positive contributors to total return from equities.
- > **Dynamic:** Lower weights to Australian equities and high yield debt. Higher weights to global equities, floating rate credit and Australian bank loans.
- > **Stock selection:** Negative excess returns from Russell Investments Australian Factor Exposure Fund and Russell Investments Global Opportunities Fund.

Period returns

Period	Fund Net Return (%)
3M	0.81
1Y	3.91
3Y	4.56
5Y	5.08
Since Inception	6.35

Calendar year returns



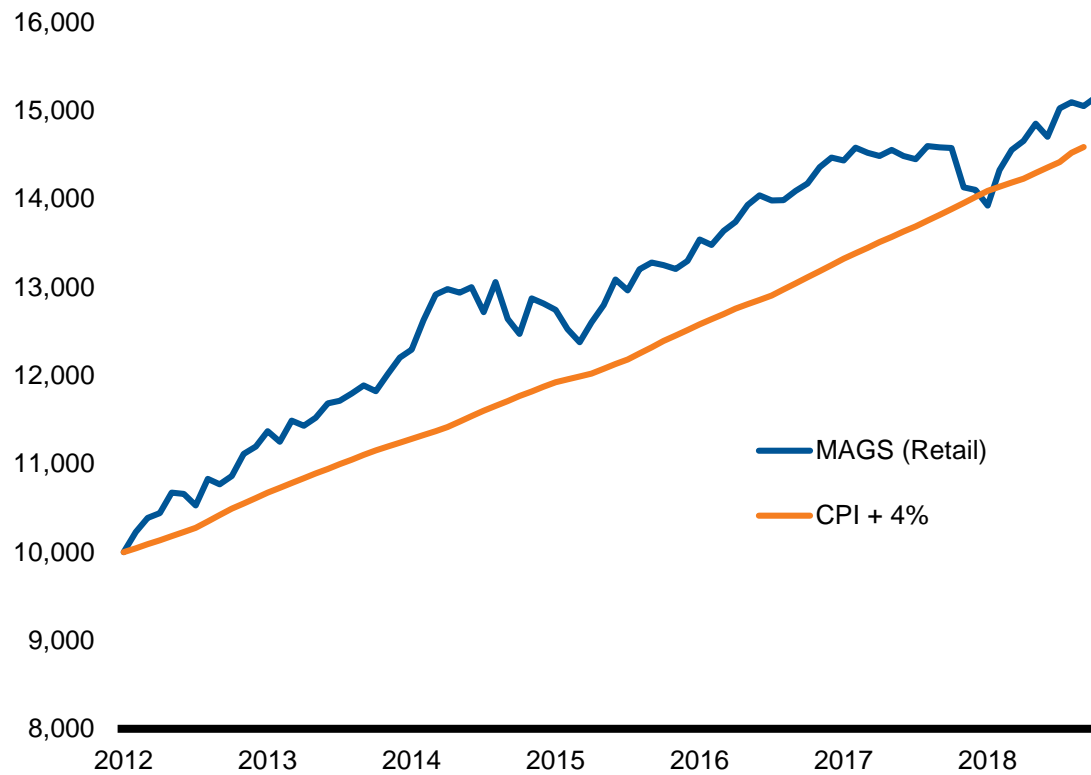
As at 30 Sep 2019. Inception date is 11/12/2012.

* Net return. Note attribution uses gross returns.

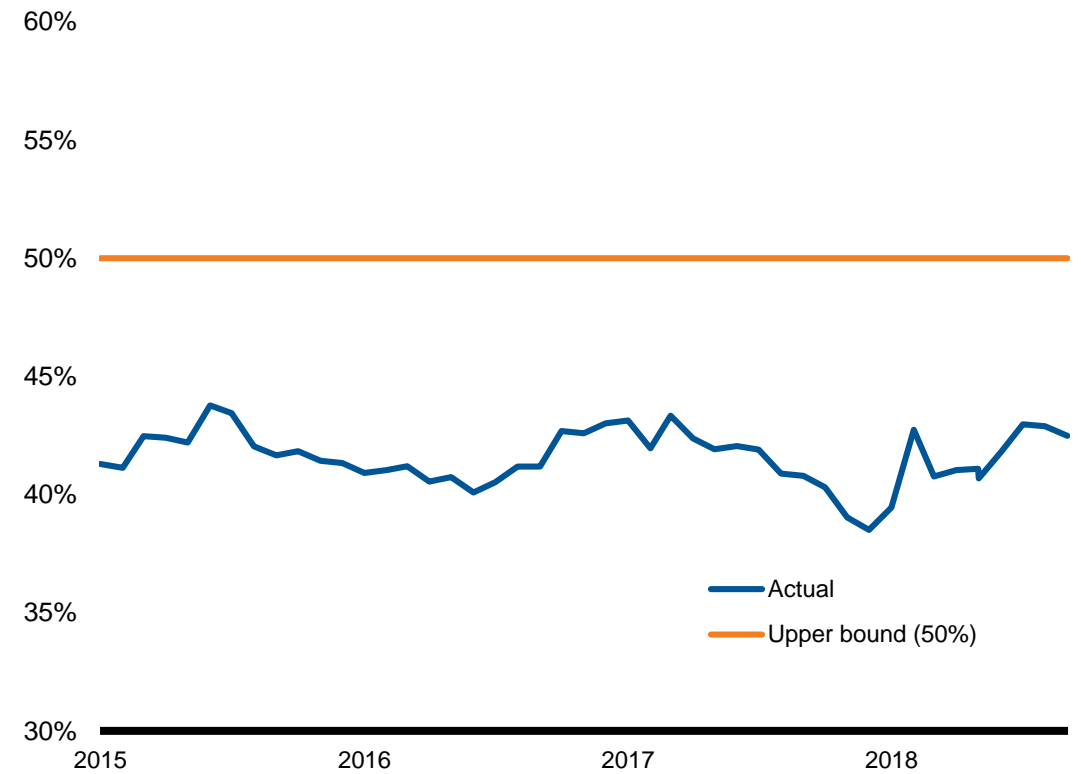
Source: Russell Investments, Lonsec

Performance versus objectives

Growth of \$10,000 over time



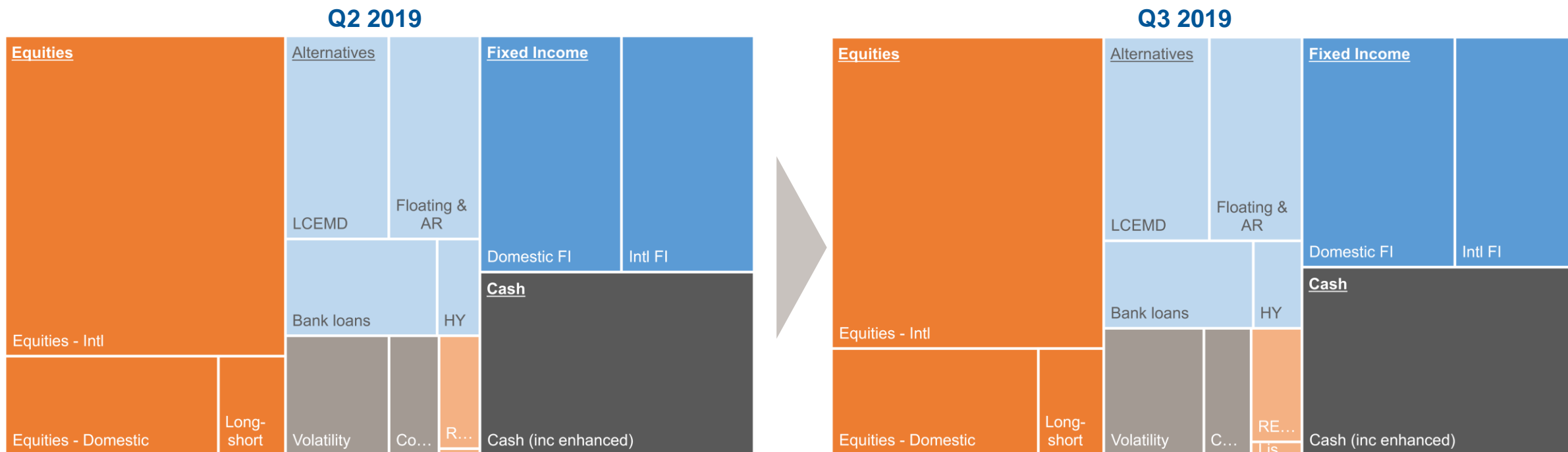
Actual volatility versus target (3-year rolling)



Source: Lonsec iRate, Russell Investments
CPI + 4% data available to 31 August 2019.

Asset Allocation snapshot

Cautious positioning maintained in Q3



- > **International equities** allocation reduced by 1.5%, increased **portfolio protection** via equity replacement
- > Fund continues to hold dry powder in **Cash**, to deploy during market volatility

Portfolio look through

As at 30 September 2019

Underlying funds

Equities	Russell Investments Global Opportunities Fund - A\$H	17.9%
Equities	Russell Investments Global Opportunities Fund	9.6%
Equities	Russell Investments Aust Factor Exposure Fund	7.7%
Equities	Vinva Aust Equitised Long/Short Fund	7.6%
Equities	Russell Investments Aust Opportunities Fund	5.0%
Equities	Futures	-0.4%
Equities	Futures (ASX200)	-13.2%
Alts - equities	Vinva Asia-Pacific Equity Long/Short Fund	2.2%
Alts - equities	Russell Investments International Prop Sec. Fund - A\$H	1.8%
Alts - equities	Russell Investments Global Listed Infrastructure Fund - A\$H	0.2%
Alts - commodities	Commodity Futures (Strategic)	1.9%
Alts - FI	Russell Investments EM Debt Local	6.9%
Alts - FI	Russell Investments Global High Yield Fund - A\$H	1.4%
Alts - FI	Russell Investments Floating Rate Fund - A\$H	6.1%
Alts - FI	Metrics Credit Div Aust Senior Loan Fund	4.2%
Fixed Income	Russell Investments Aust Bond Fund	11.4%
Fixed Income	Russell Investments Global Bond Fund - A\$ Dur Hedged	4.1%
Fixed Income	Russell Investments International Bond Fund - A\$H	5.2%
Alts - volatility	Amundi Absolute Volatility World Equities Fund (AUD)	4.1%
Cash & enhanced	Perpetual High Grade Treasury Fund	3.4%
Cash & enhanced	Russell Investments Aust Cash Enhanced Fund	12.9%

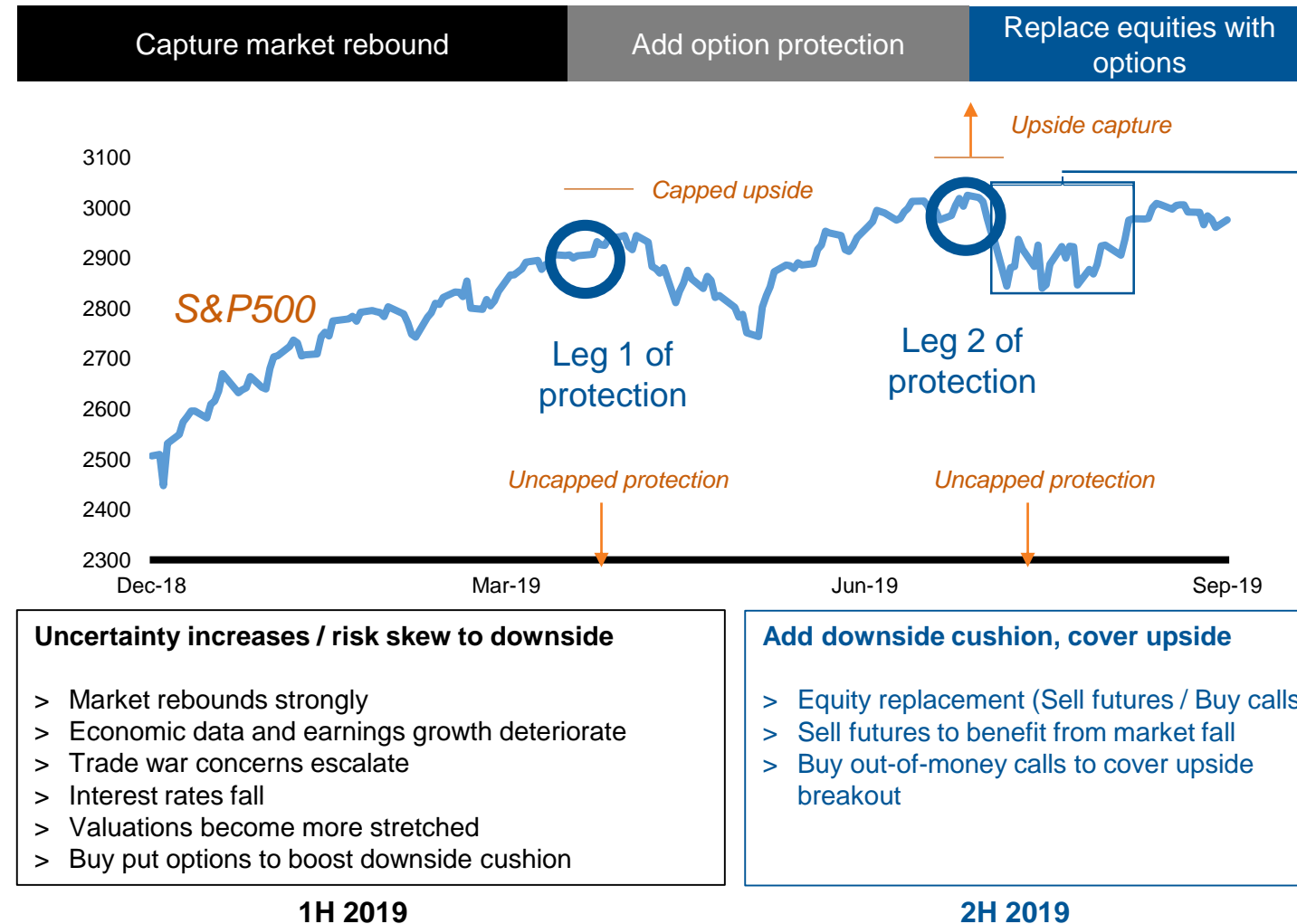
Top 10 equity holdings*

AUSTRALIA	INTERNATIONAL
CBA	Taiwan Semiconductor
Westpac	Alphabet
BHP	Microsoft
CSL	Samsung Electronics
NAB	Roche
ANZ	Nestle
Telstra	Apple
Macquarie Group	Pfizer
Woodside Petroleum	Wells Fargo
Rio Tinto	Johnson & Johnson

* Excludes Long-Short fund. Source: Russell Investments, Factset as at 30 September 2019. In order to manage a fund/portfolio to its investment objectives, Russell Investments retains the discretion to change the underlying investments at any time, without notice to investors. Please refer to the relevant Product Disclosure Statement for more information.

Example / Dynamic risk management

Skewing the return profile during heightened uncertainty



Use of options strategies

Options give investors the flexibility to shape the portfolio's return profile, including building protection.

Cost is reduced via buying out-of-the-money options and low implied volatility at entry.

Total cost: two legs of protection = 19bps per 10% notional

Source: Russell Investments, Bloomberg. S&P500 price index 2019 YTD to 30 Sep 2019.

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