

Russell Investments China Equity Fund



Portfolio Manager
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Russell Investments' Global Equity Team comprises over 90 experienced professionals, including portfolio managers, researchers, portfolio analysts, and strategists in Russell Investments offices around the globe.

The team manages a wide range of U.S., non-U.S developed, emerging market, frontier market, and global equity mandates.

Fund facts

Share class; Dealing ccy

Class A USD Acc; USD

Dealing frequency; Cut off

see Prospectus

Domicile; Category

Ireland; UCITS

Fund size

USD 58.41m

ISIN; Bloomberg

IE00BF5LKK26; RIC2EQA ID

Fund launch date

24 July 2012

Share class launch date

24 July 2012

Management fee

1.00%

Share class NAV

USD 2,228.52

Fund objective

The Fund aims to achieve long term capital growth, by investing in the shares of companies established or operating in the People's Republic of China (PRC). The Fund will invest predominantly in Chinese Companies listed on exchanges in the PRC and Hong Kong and will also include other China companies listed offshore.

Fund update

The Fund added to its inception-to-date outperformance. Effective stock selection drove positive relative returns. This included within the consumer discretionary, financials and materials sectors. Effective sector positioning included underweights to the materials and utilities sectors. Our positioning strategy providing defensive, large cap value exposure across Pan China was the strongest-performing strategy, benefiting from exposure to large cap technology stocks. We remain positive on the medium to long-term potential for investors to benefit from the economy's structural changes.

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 USD Acc	10.0	14.2	10.0	49.3	17.2	16.6	17.7
Return net of management fee Class A USD Acc	9.9	13.9	9.9	47.5	15.4	14.5	15.6
MSCI All China Net Index	9.6	10.4	9.6	38.1	7.4	9.5	11.5

*Inception: 24 July 2012

All returns greater than 1 year are annualised

Please note that on 30th June 2017, the management fee changed from 1.75% to 1.00%

Discrete rolling 12 month performance (%)

Returns shown in USD	31/12/12 31/12/13	31/12/13 31/12/14	31/12/14 31/12/15	31/12/15 31/12/16	31/12/16 31/12/17
Return gross of management fee Class A USD Acc	10.6	32.9	12.4	-10.2	40.6
Return net of management fee Class A USD Acc	8.3	30.0	10.5	-11.7	38.8
MSCI All China Net Index	-5.0	48.0	0.9	-17.1	30.3

Past performance is not a guide to future performance.

The current benchmark is MSCI All China Net Index. Prior to the 27th of June 2017, the benchmark was China Securities 300 Index. Performance prior to 27th of June 2017 was achieved under circumstances that no longer apply (namely, prior to a merger, the Fund operated as an Irish authorised qualifying investor alternative investment fund).

Portfolio statistics

	Fund	Benchmark	3 years	Fund	Benchmark
Number of equity holdings	139	948	Volatility ratio	24.5	26.4
Price/earnings	27.7	23.9	Tracking error	6.5%	-
Dividend yield	1.0	1.1	Sharpe ratio	0.8	0.4
Price to book	4.0	2.8	Information ratio	1.3	-
			3 year return (gross)	17.2%	7.4%
			3 year excess return (gross)	9.9%	-

Data as at 31 December 2017
Source: Factset

Russell Investments China Equity Fund (continued)

Ten largest holdings by weight

Security	Fund	Benchmark
Tencent Holdings Ltd.	6.7%	8.5%
Alibaba Group Holding Ltd.	5.6%	5.9%
Ping An Insurance (Group) Company of China, Ltd.	3.4%	-
Industrial and Commercial Bank of China Ltd.	3.1%	1.8%
China Merchants Bank Co., Ltd.	2.7%	0.5%
China Merchants Bank Co., Ltd. Class A	2.3%	-
Industrial & Commercial Bk of China Ltd Class A	2.0%	-
China Vanke Co., Ltd Class A	2.0%	-
NHAN's Laser Tech Industry Grp Co Ltd	2.0%	-
Nari Technology Dev Ltd Company Class A	1.9%	-

Source: Factset

Sector weights

	Fund	Benchmark
Financials	29.0%	25.1%
Information Technology	28.7%	23.9%
Consumer Discretionary	16.0%	10.5%
Industrials	11.1%	10.1%
Consumer Staples	4.9%	5.5%
Health Care	4.4%	4.6%
Materials	3.4%	6.4%
Energy	0.9%	3.4%
Telecommunication Services	0.7%	2.4%
Real Estate	0.6%	5.9%
Utilities	0.5%	2.3%

Source: Factset

Fund structure

Manager/Strategy	Role in fund	Target	Actual
Russell Investments	Positioning strategy providing defensive, large cap value exposure across Pan China	15.0%	15.0%
BOCOM Schroders	Mid and small cap biased, growth focused China A share manager	30.0%	28.0%
Keywise Capital	Pragmatic China H share manager seeking to identify mispriced opportunities	20.0%	19.0%
Bin Yuan Capital	Pan China manager investing in quality companies trading at reasonable valuations	35.0%	33.4%
Russell Investments (cash & other)		-	4.7%

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Please consult the fund's prospectus and Key Investor Information Document (KIID) before deciding whether to invest. Copies are available free of charge on request from Russell Investments.

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