IMAP Webinar Series

Investing Outside the Mainstream

How do we assess the quality of investment management and the role in portfolios?

Jason Petras, Resonant Asset Management

Lachlan Brumby, Russell Investments

Moderated by

Chetan Trehan, SQM Research

IMAP

Institute of Managed Account Professionals

Advice in Action Conference 2024

23rd July – Melbourne

25th July – Sydney

Risk Management Roundtable

4th June – Sydney

6th June – Melbourne

Managed Account Awards

Now taking submissions

IMAP

Institute of Managed Account Professionals

How to ask a Question

IMAP
Institute of Managed Account Professionals

RESONANT

Jason Petras

Resonant Asset Management

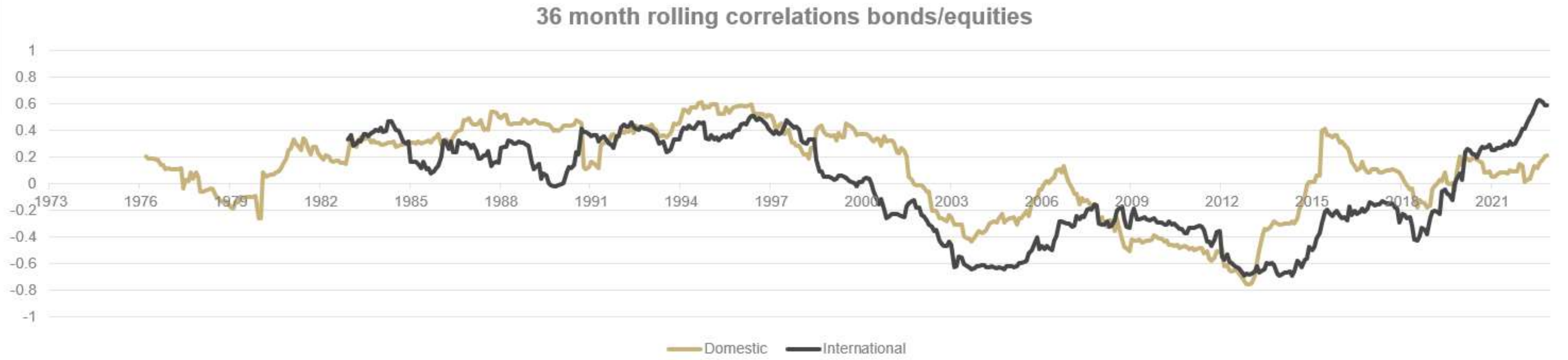
BRINGING INSTITUTIONAL GRADE PORTFOLIO MANAGEMENT & MARKETS EXPERTISE TO TAILORED MANAGED ACCOUNTS

Investing Outside the Mainstream

RESONANT

What are we considering when looking at funds and ETFs outside of Equities and Bonds?

- Equity and Bond correlations shift continuously (what works in different conditions)
- How different risk premium can complement portfolios (eg factor, liquidity, volatility)
- Understanding how strategies behave through the cycle (Does it remain a diversifier)
- We seek specialised funds and ETFs that provide controlled exposures so we can implement a total portfolio approach



Case Study 1 - Solving for hybrids

Existing client income portfolio:

- Held direct hybrids, 4 managed funds with hybrid exposure, and all Big 4 banks.
- Risk analysis demonstrated excessive Big 4 credit risk
- Client required a specific income target

Portfolio design:

- Reduced direct Hybrids and removed 3 of the 4 managed funds
- Retained alternative income / yield strategies such as buy-write
- Introduced short dated US Treasury ETF (TBIL):
  - 5.1% yield
  - Long USD exposure
  - Defensive characteristics in event of major shock
- Introduced an alternative credit manager with variable exposure and ability to hedge
- Portfolio acts as a core strategy, with satellite allocations across PE, credit, direct lending

RESONANT

Case Study 2 - Defensive Alts and FX

Defensive alts:
- Client required zero or negative correlation to equity markets in Alts
- Generate Cash + 1-2% in up markets

Currency Hedging:
- Requested 100% AUD hedged on international equities

Analysis and back-testing insights:
- Simple exposures provided effective portfolio protection
- Having some unhedged international equities superior to 100% hedged

Portfolio design:
- Alternatives basket combined CTA, Long/Short Equities, Gold, and TBIL
    - Funds with long track record that re-invest in themselves
    - ETFs with clear function and high liquidity
- Optimal currency hedging level for risk profile was approx. 30%
- Achieved superior risk-reward balanced with the desired defensive nature in down markets

RESONANT

Total Portfolio Approach

Portfolios are optimized for risk and return across all positions and exposures

Customise

Tailored and fine tuned to client needs

Principal Led

Direct access to the investment team and Resonant Directors

Technology

We invest heavily in technology and people to drive efficiencies for clients

RESONANT

Resonant Asset Management

Bringing institutional grade portfolio management & markets expertise to tailored managed accounts

www.resonantam.com.au

Disclaimers

IMAP WEBINAR SERIES

INVESTING OUTSIDE THE MAINSTREAM

Lachlan Brumby, Senior Portfolio Analyst Multi-Asset, Russell Investments

EMBRACE
THE POSSIBLE®

How we invest

Our robust 'Design, Construct, Manage' process

Translate objectives into a strategic asset allocation

Design

ESTABLISH OBJECTIVES

OUR FORECASTS

Access exposures through a combination of third party managers and positioning strategies

Construct

STRATEGIC BELIEFS

MANAGER RESEARCH

POSITIONING STRATEGIES

Dynamically adjust to changing circumstances, markets, and third party managers

Manage

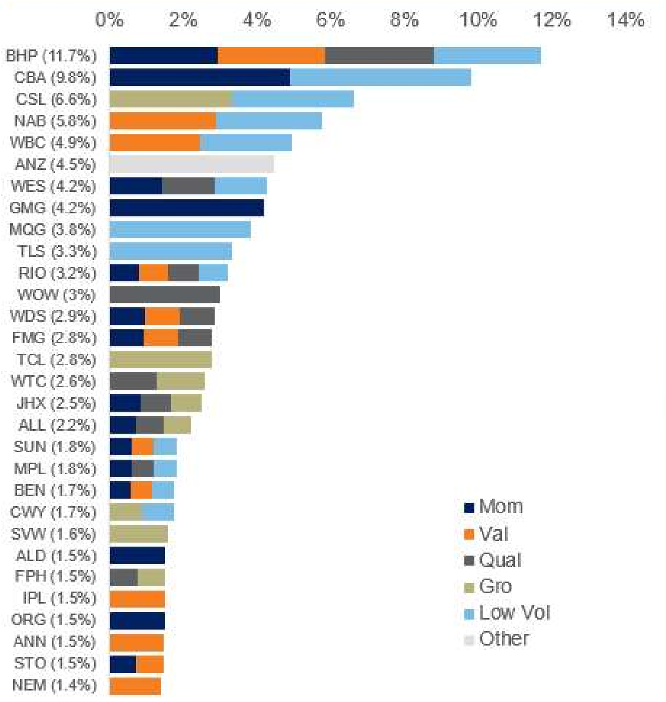
FORWARD LOOKING MARKET VIEWS

PORTFOLIO ANALYTICS

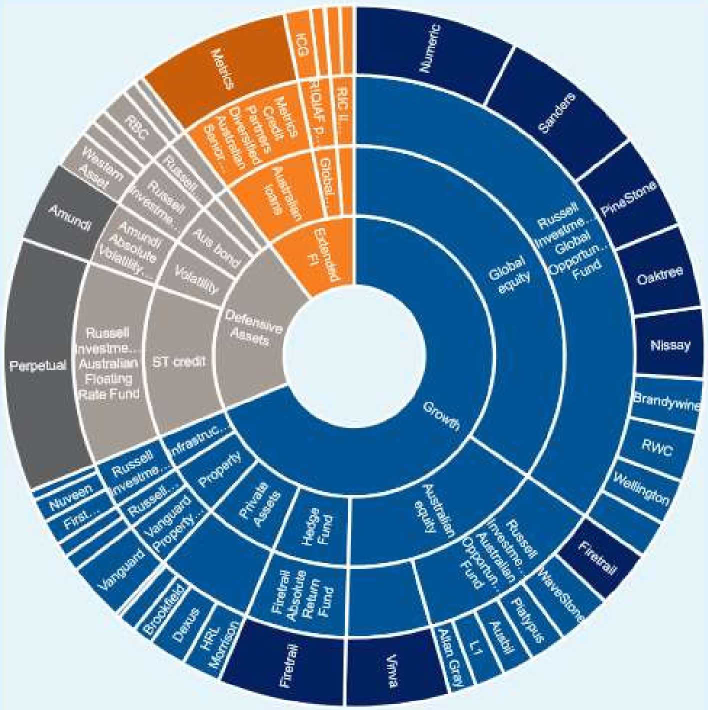
INTEGRATED TRADING

Overview: Russell Investments Balanced Managed Portfolio

~20% Direct shares & other active sector strategies



~33% Russell Investments Multi-Asset Growth Strategy Fund



~47% ETFs and Index Funds

iShares

Russell Investments

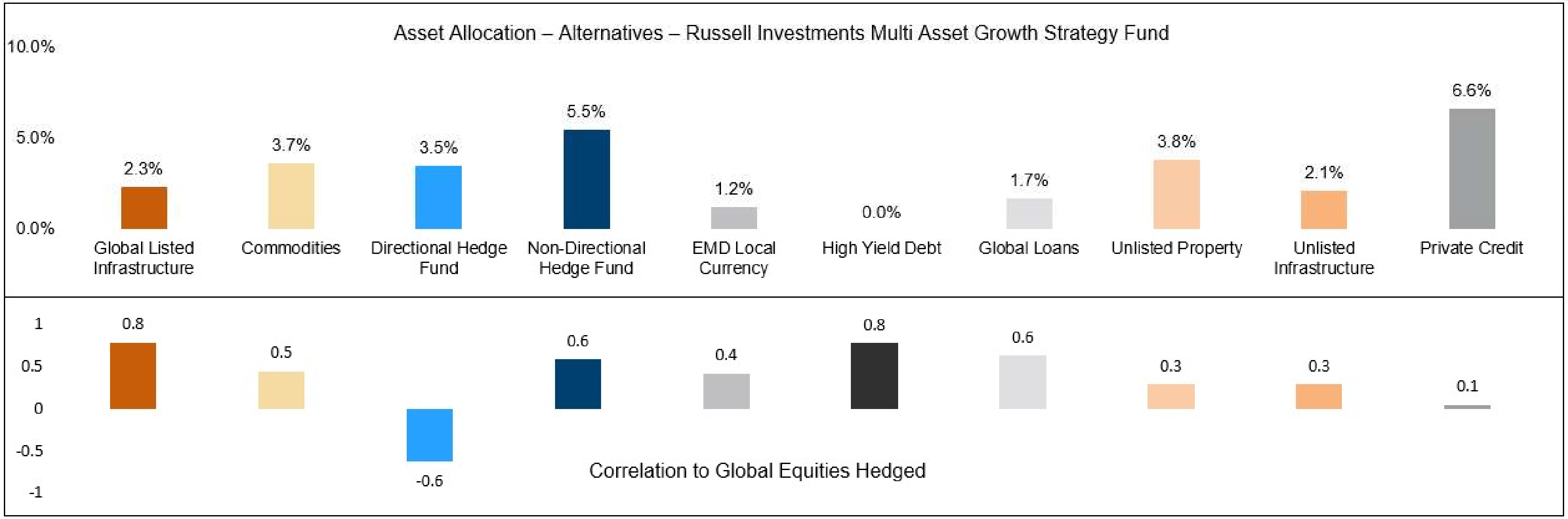
Vanguard

ETFs & INDEX funds

- **International Equity**
  - Global ex-US
  - US Total Market
  - US Small Cap
  - Emerging Markets
- **Other - International**
  - Global Property Securities
  - Global Infrastructure
  - Global Bonds
- **Other - Australian**
  - Aus equity & Aus small cap
  - Aus bonds
  - Cash

Source: Russell Investments. Data as at 29th March 2024 for Russell Investments Balanced Managed Portfolio. Past performance is not a reliable indicator of future performance. Performance results are net of management fees for both the Managed Portfolio and the underlying managers' fees and costs. They assume income received is reinvested without any tax deduction. An individual investor's performance will differ from the performance shown above depending on a range of factors. Refer to the Important Information and Disclosures slide for full detail.

Accessing Alternative Strategies



most liquid | least liquid

Russell Investments, as at 29 March 2024. Correlations include actual correlations between underlying funded investments and Global Equities Hedged (represented by Russell Investments Global Opportunities Fund (H). Unlisted Property and unlisted infrastructure correlations are represented by Russell Investments Private Assets Fund. Correlations are historical correlations for longest available return period.

Important information and disclosures

The superior rating contained in this document is issued by SQM Research Pty Ltd ABN 93 122 592 036 AFSL 421913. Issued by Russell Investment Management Ltd ABN 53 068 338 974, AFS Licence 247185 (RIM). This document provides general information for financial advisers who are AFS licence holders or representatives only. It must not be passed on to any retail client. This document contains factual information only. The information provided is not intended to imply any recommendation or opinion about a financial product. RIM is not providing financial product advice in this document. This document has not been prepared having regard to any investor's objectives, financial situation or needs. Before making an investment decision, an investor must obtain advice from a financial adviser and consider whether that advice is appropriate to their objectives, financial situation or needs. This information has been compiled from sources considered to be reliable but is not guaranteed. Past performance is not a reliable indicator of future performance.

The performance in this document is net of management fees for both the Managed Portfolio and the underlying managers' fees and costs. It does not take into account any third party platform fees charged to individual investors or transaction costs (including buy/sell spreads and brokerage fees). It assumes income is reinvested without any tax deduction. It is for RIM's preferred model portfolio of holdings. A holding in the preferred model portfolio may be restricted or replaced with another similar asset in the Managed Portfolio on different platforms if the preferred holding is not available. Different platforms may also charge different management fees for the Managed Portfolio. This can result in variances in performance of the Managed Portfolio between platforms. An individual investor's performance will differ, according to the investor's actual exposures to Managed Portfolio holdings and other factors (including transaction timing, transaction costs, actual underlying manager fees and costs and whether income is paid in cash). Platforms will have their own methodology for calculating performance, at both a platform level and an individual investor level. Past performance is not a reliable indicator of future performance. Please contact your platform operator(s) for performance or current holdings in the Managed Portfolios.

Any potential investor should also consider the latest product disclosure statement in respect of the Managed Portfolio or RIM Fund ("Disclosure Document") in deciding whether to make, or continue to hold, any investment. The Disclosure Document for the Managed Portfolio can be obtained by contacting a financial adviser or the relevant platform operator(s). The Disclosure Document for the RIM Funds can be obtained by visiting www.russellinvestments.com.au or by phoning (02) 9229 5111. The Target Market Determinations for the RIM Funds are available on our website at wwwrussellinvestments.com/au/support/tmds.

RIM is part of Russell Investments. RIM is the issuer of the RIM Funds and RIM ETFs mentioned in this document. Russell Investments or its associates, officers or employees may have interests in the financial products referred to in this information by acting in various roles including broker or adviser, and may receive fees, brokerage or commissions for acting in these capacities. In addition, Russell Investments or its associates, officers or employees may buy or sell the financial products as principal or agent.

Russell Investments

THANK YOU!

ANY QUESTIONS?

EMBRACE
THE POSS/BLE®

QUESTIONS

IMAP

Institute of Managed Account Professionals

Advice in Action Conference 2024
23rd July – Melbourne
25th July – Sydney

Risk Management Roundtable
4th June – Sydney
6th June – Melbourne

Managed Account Awards
Now taking submissions

IMAP
Institute of Managed Account Professionals

IMAP

Institute of Managed Account Professionals