

# Russell Investments

## US Small Cap Equity Fund



**Portfolio Manager**  
Megan Roach

Russell Investments' Global Equity Team comprises over 23 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 Acc; USD

#### Dealing frequency; Cut off

Daily; 2.00pm GMT

#### Domicile; Category

Ireland; UCITS

#### Fund size

USD 35.73m

#### ISIN; Bloomberg

IE0003512708; FRUSSCA ID

#### Fund launch date

13 June 1997

#### Share class launch date

16 June 1997

#### Management fee

0.90%

#### Share class NAV

USD 59.55

### Fund objective

The Fund aims to achieve long term growth by investing at least 70% of its assets in the equities and investments similar to equities of small U.S. companies. The Fund is actively managed with reference to the Russell 2000 Index (USD) Net Returns of Withholding Tax 30% (the "Index") which it seeks to outperform by 2% over the medium to long term. Russell Investments has full discretion to select investments for the Fund.

### Fund update

The Fund outperformed in a significantly negative environment for financial markets. Small cap stocks continued the 2022 theme to underperform mid- and large-caps in a period of high inflation, slowing economic growth and aggressive rate hikes by the US Federal Reserve. The Fund's tilt towards value remained a key contributor to relative returns as small cap growth stocks were among the weakest performers this period. On a relative basis, the Fund benefitted from effective sector allocation and stock selection within the energy and health care sectors (both overweight). Stock selection within the consumer discretionary sector (specialty retail names) also contributed to relative returns. An underweight to utilities weighed on additional outperformance.

### 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	-8.5	-15.5	-20.8	-19.3	6.8	6.9	8.4
Return net of management fee Class A Acc	-8.6	-15.7	-21.1	-20.1	5.9	5.9	7.4
Russell 2000 Index (USD) Net Returns of Withholding Tax 30%	-8.3	-17.3	-23.6	-25.5	3.8	4.8	7.9

\*Inception: 16 June 1997

All returns greater than 1 year are annualised

### Discrete rolling 12 month performance (%)

Returns shown in USD	30/06/17 30/06/18	30/06/18 30/06/19	30/06/19 30/06/20	30/06/20 30/06/21	30/06/21 30/06/22
Return gross of management fee Class A Acc	18.2	-3.4	-11.3	70.3	-19.3
Return net of management fee Class A Acc	17.2	-4.2	-12.1	68.8	-20.1
Russell 2000 Index (USD) Net Returns of Withholding Tax 30%	17.1	-3.7	-7.0	61.5	-25.5

Past performance is not a guide to future performance.

The current benchmark is the Russell 2000 Index (USD) Net Returns of Withholding Tax 30% converted to Euro. Prior to 1 October 2012 the benchmark was Russell 2500 Net Returns of Withholding Tax 30%.

### Portfolio statistics

	Fund Benchmark		3 years		Fund Benchmark	
Number of equity holdings	951	2002	Volatility	24.2	23.9	
Price/earnings	23.0	25.9	Tracking error	4.0%	-	
Dividend yield	0.7	0.0	Sharpe ratio	0.3	0.3	
Price to book	2.3	2.4	Information ratio	0.5	-	
EPS growth (1 year)	22.0	17.7	3 year return (net)	5.9%	3.8%	
			3 year excess return (net)	2.0%	-	

Data as at 31 May 2022  
Source: Factset

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## US Small Cap Equity Fund (continued)

### Ten largest holdings by weight

Security	Fund	Benchmark
LeMaitre Vascular, Inc.	0.6%	0.0%
Kulicke & Soffa Industries, Inc.	0.6%	0.1%
Championx Corp	0.6%	0.2%
Cadence Bank	0.5%	0.2%
Encompass Health Corp	0.5%	-
Elf Beauty Inc	0.5%	0.1%
Allete Inc	0.5%	0.1%
Simulations Plus, Inc.	0.5%	0.0%
MDU Resources Group, Inc.	0.5%	-
Element Solutions Inc	0.5%	-

Data as at 31 May 2022

### Sector weights

	Fund	Benchmark
Financials	16.5%	16.5%
Industrials	15.9%	15.7%
Health Care	15.4%	14.7%
Consumer Discretionary	11.7%	10.2%
Information Technology	11.6%	12.9%
Energy	8.4%	8.2%
Real Estate	6.2%	7.7%
Materials	5.2%	4.2%
Consumer Staples	4.0%	3.8%
Utilities	2.8%	3.3%
Communication Services	1.6%	2.9%
Other	0.7%	-

Data as at 31 May 2022

### ESG data

	Fund	Benchmark
ESG Score	27.1	27.4
Carbon footprint	183.8	166.0

Data as at 31 May 2022

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 CO<sub>2</sub>e divided by revenue (USD \$M).

### Fund structure

Manager/Strategy	Role in fund	Target	Actual
Ancora	Invests in micro/small cap special situations and underfollowed companies	10.0%	9.7%
Copeland	Focuses on companies with a history of strong dividend growth	10.0%	5.7%
DePrince	Seeks above average dividend yielding stocks with near term catalysts	11.0%	11.8%
Ranger	Seeks growing, quality, recurring revenue US companies at attractive valuations	12.0%	15.4%
Penn	Seeks micro/small cap stocks based on the firm's high yield credit analysis	5.0%	5.6%
Boston Partners	Pursues micro and small caps undergoing positive change at attractive valuations	12.0%	14.1%
Jacobs Levy	Uses a proprietary, multi-dimensional quantitative approach to stock selection	15.0%	13.0%
Calamos	Targets stocks with strong revenue growth, estimate revisions, and price momentum	10.0%	8.2%
Russell Investments	Positioning strategy to align fund characteristics with preferred positioning	15.0%	13.9%
Russell Investments (cash & other)		-	2.6%

Russell Investments may trade a portion of the Fund's assets based on a model portfolio provided by the investment advisor. By employing this emulated portfolio approach, the Fund leverages off the implementation capabilities of Russell Investments in order to manage the funds in an efficient manner.

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## US Small Cap Equity Fund (continued)

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