

Russell Investments

US Small Cap 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 Acc; USD

Dealing frequency; Cut off

Daily; 2.00pm GMT

Domicile; Category

Ireland; UCITS

Fund size

USD 134.61m

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 44.90

Fund objective

The Fund aims to achieve long term growth by investing in the shares of small US companies, using a multi-strategy investment approach. The Fund is broadly diversified across different US companies and industry sectors, and may also invest in the shares of newly listed companies.

Fund update

The Fund underperformed in July. Negative stock selection weighed on relative returns, particularly within the materials and health care sectors. It remained an unfavourable environment for our value strategies. However, an overweight to high momentum and tilt towards high growth areas of the market added relative value. Timpani continued to be the standout contributor in a positive period for growth. The Fund continues to reflect a preference for higher quality companies and moderate beta exposure at the total Fund level.

Performance review

| Performance to period end | 1 month | 3 months | Year to date | 12 months | 3 years | 5 years | Since inception* |
|--|---------|----------|--------------|-----------|---------|---------|------------------|
| Returns shown in USD | % | % | % | % | %p.a. | %p.a. | %p.a. |
| Return gross of management fee Class A Acc | 0.5 | 2.2 | 5.5 | 16.9 | 7.3 | 12.5 | 8.7 |
| Return net of management fee Class A Acc | 0.4 | 1.9 | 4.9 | 15.9 | 6.3 | 11.5 | 7.7 |
| Benchmark | | | | | | | |
| Russell 2000 net 30% | 0.7 | 2.0 | 5.5 | 18.0 | 9.4 | 13.6 | 8.7 |

*Inception: 16 June 1997

Performance history



The current benchmark is the Russell 2000 Net 30%. Prior to 1 October 2012 the benchmark was Russell 2500 Net 30%.

Portfolio statistics

| | Fund | Benchmark |
|---------------------------|------|-----------|
| Number of equity holdings | 641 | 2010 |
| Price/earnings | 23.4 | 23.0 |
| Dividend yield | 1.2 | 1.3 |
| Price to book | 2.2 | 2.4 |
| EPS growth (1 year) | 7.8 | 9.8 |

| | Fund | Benchmark |
|------------------------------|-------|-----------|
| Volatility | 14.5 | 14.6 |
| Tracking error | 2.9% | - |
| Sharpe ratio | 0.5 | 0.7 |
| Information ratio | -0.7 | - |
| 3 year return (gross) | 7.3% | 9.4% |
| 3 year excess return (gross) | -2.2% | - |

Data as at 30 June 2017
Source: BNY Mellon

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US Small Cap Equity Fund (continued)

Ten largest holdings by weight

| Security | Fund | Benchmark |
|--|------|-----------|
| F.N.B. Corp. | 1.1% | - |
| PBF Energy, Inc. | 0.9% | - |
| Umpqua Holdings Corp. | 0.9% | 0.2% |
| Green Dot Corporation | 0.8% | 0.1% |
| Big Lots, Inc. | 0.8% | 0.1% |
| Five9, Inc. | 0.7% | 0.1% |
| VeriFone Systems, Inc. | 0.7% | 0.1% |
| BioTelemetry, Inc. | 0.7% | 0.0% |
| American Equity Investment Life Holding Co | 0.7% | 0.1% |
| Novanta Inc | 0.7% | 0.1% |

Source: Factset

Sector weights

| | Fund | Benchmark |
|------------------------|-------|-----------|
| Financial Services | 27.9% | 26.3% |
| Technology | 14.7% | 14.3% |
| Producer Durables | 14.4% | 13.6% |
| Consumer Discretionary | 12.5% | 13.3% |
| Health Care | 11.3% | 14.7% |
| Materials & Processing | 9.0% | 7.0% |
| Energy | 4.3% | 3.5% |
| Consumer Staples | 3.0% | 2.4% |
| Utilities | 3.0% | 4.8% |

Source: Factset

Fund structure

| Manager/Strategy | Role in fund | Target | Actual |
|------------------------------------|--|--------|--------|
| DePrince, Race & Zollo Inc. | Identify discounted, above average dividend yielding stocks | 20.0% | 17.2% |
| RBC | Long term investor in microcaps undervalued relative to growth and quality metrics | 15.0% | 14.6% |
| Monarch | Value biased approach with a focus on improving fundamentals | 16.0% | 18.3% |
| Snow | Seeks undervalued companies due to depressed earnings and poor market sentiment | 15.0% | 13.9% |
| Timpani | Targets high earnings and revenue growth in the near term | 25.0% | 18.5% |
| Russell Investments | Positioning strategy to align fund characteristics with preferred positioning | 9.0% | 13.8% |
| Russell Investments (cash & other) | | - | 3.8% |

Important Information

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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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