

Fund performance

SuperSolution investment returns and market commentary for the six months to 31 October 2011.

Market commentary

Global and domestic share markets have fallen sharply since their April 2011 peaks as market volatility jumped amid rising European sovereign debt concerns and doubts about the sustainability of the US recovery. Greece remained the focal point of Europe's debt woes, though doubts were also raised about the solvency of 'core' European nations such as Italy and Spain. Whilst European officials moved to ease investor concerns by providing further financial support to the worst affected countries, political wrangling between the euro-zone's larger nations meant little headway was made until midway through October when France and Germany finally committed to developing a plan to recapitalise the region's troubled banks.

At the same time, softer jobs and manufacturing data in the US suggested growth in the world's largest economy may have stalled, while Standard & Poor's decision to cut the country's government debt rating from AAA to AA+ merely added to an already fragile market.

Here in Australia, investors also had to contend with increasing uncertainty regarding the implications of the Federal Government's carbon tax, the Reserve Bank of Australia's decision to downgrade its near-term growth forecasts and further monetary tightening in China as officials there continued to battle inflation.

Against this backdrop, defensive assets such as cash and bonds continued to outperform growth assets like Australian and international shares. However, it is worth noting that despite the large falls in share markets over the past six months, hopes of a solution to Europe's debt problems and some better than expected US earnings results prompted a 'relief' rally in October, with most major markets closing the month higher.

Russell Portfolios as at 31.10.11	Oct 11	6 month (Apr-Oct)	1 year (p.a.)	3 years (p.a.)	5 years (p.a.)	Inception date*	Since inception (p.a.)
Diversified							
Russell Conservative	1.55%	-0.30%	2.43%	7.20%	3.61%	1/07/03	5.41%
Russell Diversified 50	2.25%	-2.79%	0.43%	6.97%	1.72%	1/07/03	5.39%
Russell Blended Balanced	2.79%	-5.22%	-0.84%	6.60%	0.26%	1/04/05	3.68%
Russell Balanced	3.06%	-5.16%	-1.16%	6.29%	-0.03%	1/07/03	5.40%
Russell Balanced Opportunities	3.23%	-4.43%	-0.47%	6.96%	‡	1/07/08	0.44%
Russell Growth	3.52%	-7.58%	-2.95%	5.61%	-1.61%	1/07/03	5.55%
Russell High Growth	4.03%	-8.23%	-3.49%	6.32%	-1.83%	1/04/05	2.56%
Sector							
Russell Australian Cash	0.30%	1.89%	3.88%	3.34%	4.29%	1/07/03	4.30%
Russell Australian Shares	5.69%	-10.31%	-4.68%	7.43%	0.44%	1/07/03	8.56%
Russell Australian Opportunities	6.06%	-7.95%	-1.82%	8.90%	0.40%	1/11/04	5.56%
Russell Global Opportunities	1.44%	-8.28%	-6.57%	-1.68%	-5.44%	1/04/05	-0.98%
Russell International Shares	2.11%	-10.88%	-8.12%	-4.41%	-7.39%	1/07/03	-0.05%
Russell International Shares \$A Hedged	4.71%	-13.20%	-3.85%	7.51%	-4.04%	1/11/04	1.41%
Russell International Property Securities \$A Hedged	4.50%	-10.73%	-4.34%	13.19%	-6.44%	1/04/05	0.81%
Russell Socially Responsible Australian Shares	6.70%	-5.16%	0.64%	7.67%	‡	1/07/08	-1.70%

* The date the investment portfolio started in the Russell SuperSolution Master Trust (Fund).

‡ Investment returns are not available for this period as this portfolio has not been in place for the period specified.

Past performance is not a reliable indicator of future performance. The returns shown are net of investment management fees, in-fund expenses and tax on investment returns, but account-based fees have not been deducted. Please refer to the 'Fees and costs' section of the PDF for full details of the fees and costs that you pay as a member of the fund.