

2023 ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS

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# Russell Investment Company III plc

an umbrella fund with segregated liability between sub-funds

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30 June 2023

Russell Investments Sterling Liquidity Fund  
Russell Investments U.S. Dollar Cash Fund II  
Russell Investments Euro Liquidity Fund

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## **Administration of the Company**

### **Board of Directors of the Company\***

Mr. William Roberts (Chairman)  
Mr. Peter Gonella  
Mr. Neil Jenkins  
Mr. Tom Murray  
Mr. William Pearce  
Mr. David Shubotham

### **Board of Directors of the Manager**

Mr. Neil Clifford  
Mr. Teddy Otto  
Mr. Michael Bishop (resigned 30 September 2022)  
Ms. Sarah Murphy  
Ms. Elizabeth Beazley  
Mr. Christophe Douche  
Ms. Jacqueline O'Connor (appointed 1 September 2022)  
Ms. Aleda Anderson (appointed 1 January 2023)

### **Members of the Company's Audit Committee**

Mr. David Shubotham (Chairman)  
Mr. Tom Murray  
Mr. William Roberts

### **Registered Office**

78 Sir John Rogerson's Quay  
Dublin 2  
Ireland

### **Manager**

Carne Global Fund Managers (Ireland) Limited  
2nd Floor, Block E  
Iveagh Court  
Harcourt Road  
Dublin 2  
Ireland

### **Independent Auditors**

PricewaterhouseCoopers  
Chartered Accountants and Statutory Audit Firm  
One Spencer Dock  
North Wall Quay  
Dublin 1  
Ireland

### **Legal Advisers**

Maples and Calder (Ireland) LLP  
75 St. Stephen's Green  
Dublin 2  
Ireland

### **Administrator**

State Street Fund Services (Ireland) Limited  
78 Sir John Rogerson's Quay  
Dublin 2  
Ireland

### **Depository**

State Street Custodial Services (Ireland) Limited  
78 Sir John Rogerson's Quay  
Dublin 2  
Ireland

### **Global Sub-Custodian**

State Street Bank and Trust Company  
Copley Place  
100 Huntington Avenue  
Boston, MA 02116  
United States of America

### **Company Secretary**

MFD Secretaries Limited  
32 Molesworth Street  
Dublin 2  
Ireland

### **Principal Money Manager, Distributor and UK Facilities Agent**

Russell Investments Limited  
Rex House  
10 Regent Street, St. James's  
London SW1Y 4PE  
England

### **Investment Manager for Russell Investments U.S. Dollar Cash Fund II**

Russell Investment Management, LLC  
1301 Second Avenue  
18th Floor  
Seattle, WA 98101  
United States of America

### **Paying Agent in France**

Societe Generale  
29 Boulevard Haussmann  
75009 Paris  
France

### **Facilities Agent for the Netherlands**

Carne Global Financial Services Limited  
2nd Floor, Block E, Iveagh Court  
Harcourt Road  
Dublin 2  
Ireland

\* As of 30 June 2023.

## Background to the Company

Russell Investment Company III plc (the “Company”) was incorporated in Ireland as a public limited company on 2 November 2000 under registration number 334710. The Company operates under the Companies Act, 2014 (the “Companies Act”), and has been authorised since 31 May 2001 by the Central Bank of Ireland (the “Central Bank”) under reference number C25843.

The Company is an open-ended investment company with variable capital and is authorised by the Central Bank under the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2011 (as amended) (the “UCITS Regulations”) and under the Central Bank (Supervision & Enforcement) Act 2013 (Section 48(1) (Undertakings for Collective Investment in Transferable Securities)) Regulations 2019 (the “Central Bank UCITS Regulations”).

The Company is organised in the form of an umbrella fund with segregated liability between sub-funds and as at 30 June 2023 had four constituent sub-funds available for investment, namely Russell Investments Sterling Liquidity Fund, Russell Investments U.S. Dollar Cash Fund II, Russell Investments Euro Liquidity Fund and Russell Investments Euro Cash Collateral Fund (each a “Fund”, collectively the “Funds”).

Russell Investments Limited (the “Principal Money Manager”) and its affiliated group companies are referred to collectively as “Russell Investments” in these financial statements.

The Company has appointed Carne Global Fund Managers (Ireland) Limited (the “Manager”) to act as manager to the Company and each Fund.

The net assets under management for the Company at 30 June 2023 amounted to USD 774,875,183 (as at 30 June 2022: USD 940,519,955) and are broken down as follows:

<b>Fund</b>	<b>Funded during the financial year ended</b>	<b>Functional currency</b>	<b>Net Assets 30 June 2023 '000</b>	<b>Net Assets 30 June 2022 '000</b>
Russell Investments Sterling Liquidity Fund	31 March 2003	GBP	113,212	232,317
Russell Investments U.S. Dollar Cash Fund II	30 June 2010	USD	523,085	544,765
Russell Investments Euro Liquidity Fund	30 June 2016	EUR	98,869	108,669

Russell Investments Euro Cash Collateral Fund remains unfunded as of 30 June 2023.

All shares in Russell Investments Active Currency Fund have been redeemed and the Fund has been closed and is no longer available for investment. The Company intends to apply to the Central Bank to revoke the Fund’s approval following final disbursement of assets in the Fund.

Each of the Funds may issue Income Class Shares, Accumulation Class Shares, Hybrid Accumulation Class Shares or Roll-Up Class Shares. All share classes are Accumulating Class Shares unless otherwise indicated in the name of the share class.

All references to “net assets” throughout this document refer to net assets attributable to holders of redeemable participating shares unless otherwise stated.

### U.K. Reporting Fund Status

The Company conducts its affairs so as to enable U.K. reporting fund status to be obtained under the United Kingdom Income and Corporation Taxes Act, 1988 for the purposes of U.K. taxation for each applicable Fund.

## **Directors' Report**

The Directors submit their report together with the audited financial statements for the financial year ended 30 June 2023.

### **Directors' responsibilities**

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable Irish law and Generally Accepted Accounting Practice in Ireland ("Irish GAAP") including the accounting standards issued by the Financial Reporting Council ("FRC").

Irish company law requires the Directors to prepare financial statements for each financial year that give a true and fair view of the assets, liabilities and financial position for Russell Investment Company III plc (the "Company") and of the profit or loss of the Company for that financial year. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors confirm that they believe that they have complied with the above requirements in preparing the financial statements.

The Directors are responsible for the maintenance and integrity of the corporate and financial information relating to the Company which may be included on the Principal Money Manager's website. Legislation in the Republic of Ireland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

In carrying out the above requirements, the Directors have appointed Carne Global Fund Managers (Ireland) Limited as manager (the "Manager") and the Manager has appointed State Street Fund Services (Ireland) Limited to act as administrator (the "Administrator") of the Company.

### **Transactions involving Directors**

In respect of the 2023 financial year, the Directors are not aware of any contracts or arrangements of any significance in relation to the business of the Company in which the Directors or their connected persons had any interest as defined by the Companies Act, other than those disclosed in Note 5, "Transactions with Related Parties".

### **Accounting Records**

The Directors are responsible for maintaining adequate accounting records which correctly explain and record the transactions of the Company, enable at any time the assets, liabilities, financial position and profit or loss of the Company to be determined with reasonable accuracy, enable them to ensure that the financial statements and Directors' Report comply with the Companies Act and enable the financial statements to be audited. They are also responsible for ensuring that the financial statements are prepared in accordance with accounting standards generally accepted in Ireland and comply with the Companies Act and the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2011 (as amended) (the "UCITS Regulations"). The Directors are also responsible for safeguarding the assets of the Company. In this regard they have appointed State Street Custodial Services (Ireland) Limited (the "Depository") as Depository to the Company pursuant to the terms of a depository agreement. The Directors have a responsibility for taking such steps as are reasonably open to them to prevent and detect fraud and other irregularities. The Directors believe that they have complied with the requirements of the Companies Act, with regard to accounting records by employing an experienced administrator with appropriate expertise and by providing adequate resources to the financial function. The accounting records of the Company are maintained by the Administrator at 78 Sir John Rogerson's Quay, Dublin 2, Ireland.

### **Distributions**

Please refer to Note 8 to the financial statements for details of the distribution policy of each of the Funds.

### **Connected persons transactions**

Regulation 43 of the Central Bank UCITS Regulations "Restrictions of transactions with connected persons" states that "A responsible person shall ensure that any transaction between a UCITS and a connected person is, conducted a) at arm's length; and b) in the best interest of the unit-holders of the UCITS".

As required under the Central Bank UCITS Regulation 81(4), the Directors of the responsible person are satisfied that there are arrangements in place, evidenced by written procedures, to ensure that the obligations that are prescribed by Central Bank Regulation 43(1) are applied to all transactions with a connected person; and all transactions with a connected person that were entered into during the period to which the report relates complied with the obligations that are prescribed by Central Bank Regulation 43(1).

## **Directors' Report - continued**

### **Review of performance of the business, principal activities and future developments of the business**

As of reporting date, the Directors have no reason to believe that the Company is not able to continue as a going concern.

A detailed performance review of the business and its principal activities is included in the Principal Money Manager's Report for each Fund.

### **Principal risks and uncertainties**

Following Russia's invasion of Ukraine on 24 February 2022, various countries around the world have imposed sanctions and restrictions on the Russian state, Russian companies and individuals linked to Russia.

The Principal Money Manager is actively monitoring and continues to manage the Funds' assets within the investment and risk parameters that have been established. As this is a fluid situation, the Directors will continue to monitor developments in the region to assess any shifts in the geopolitical environment. As at 30 June 2023, the Funds do not have direct exposure to Russian holdings. As at 30 June 2023, the Funds do not have material exposure to Russian holdings.

A detailed analysis of the risks facing each Fund and the use of financial instruments is included in Note 11 and Note 12 of the financial statements.

Throughout the financial year, the Company maintained the aim of spreading investment risk in accordance with the Companies Act.

After an extended period of low interest rates, the Fed, Bank of England and European Central Bank and several other central banks initiated a series of rate increases that took interest rates to levels last seen in 2008/2009, with bond and equity valuations falling simultaneously. Stresses emerged in the banking sector, which may have further repercussions on asset valuations.

The outcome of this change may have an impact on valuations in the periods ahead.

### **Results and dividends**

The results for the financial year are set out in the Profit and Loss Account for each Fund. Dividends were declared during the financial year as detailed in Note 8 of the financial statements.

### **Significant events during the financial year**

Significant events during the financial year are disclosed in Note 16 of the financial statements.

### **Significant events since the financial year end**

Significant events since the financial year end are disclosed in Note 17 of the financial statements.

### **Voluntary adoption of the Corporate Governance Code**

The Irish Funds Industry Association ("Irish Funds") in association with the Central Bank has published a corporate governance code (the "Irish Funds Code") that may be adopted on a voluntary basis by Irish authorised collective investment schemes. The Board of Directors voluntarily adopted the Irish Funds Code as the Company's corporate governance code effective from 31 December 2012. The Company has been in compliance with the Irish Funds Code since its adoption.

### **Directors**

The name and nationality of persons who were Directors at any time during the financial year ended 30 June 2023 are set out below. All Directors are non-executive directors. Except where indicated, all acted as Directors for the entire financial year.

Mr. William Roberts (British and Irish resident) (Chairman)\*

Mr. James Firn (American and British) (Chairman)\*\*

Mr. Peter Gonella (British)

Mr. Neil Jenkins (British)

Mr. Joseph Linhares (American)\*\*\*

Mr. John McMurray (American)\*\*\*\*

Mr. Tom Murray (Irish)

Mr. William Pearce (British)

Mr. David Shubotham (Irish)

\* Appointed as Chair with effect from 21 June 2023.

\*\* Resigned with effect from 31 March 2023.

\*\*\* Resigned with effect from 10 March 2023.

\*\*\*\* Resigned with effect from 1 June 2023.

**Directors' Report - continued**

**Directors' and Secretary's interests**

None of the Directors or the Company Secretary hold or held any beneficial interest in the shares of the Company during the financial year. Each of the Directors is employed by Russell Investments entities except for Mr. Tom Murray, Mr. William Roberts, Mr. David Shubotham and Mr. James Finn.

No Director had, at any time during the financial year or at the financial year end, a material interest in any contract of significance in relation to the business of the Company.

**Compliance statement**

The Directors acknowledge that they are responsible for securing the Company's compliance with its relevant obligations. These include all requirements of the Company under Section 225 of Companies Act and all tax law within the Republic of Ireland (the "relevant obligations").

In keeping with this responsibility, the Directors have:

- drawn up a compliance policy statement setting out the Company's compliance with the relevant obligations;
- appointed the Principal Money Manager, and relies on the Principal Money Manager's risk and compliance departments to implement these procedures and secure material compliance with the relevant obligations; and
- performed a review of this policy statement, and its implementation by the Principal Money Manager.

**Audit Committee**

The Audit Committee will oversee the Company's audit related affairs according to the Terms of Reference of the Audit Committee. The membership of the Audit Committee is disclosed in the Administration of the Company on page 2.

**Relevant audit information**

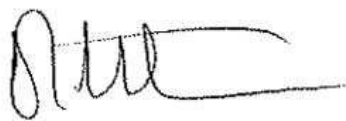
So far as the Directors are aware, there is no relevant audit information of which the Company's auditors are unaware and the Directors have taken all the steps that should have been taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

**Independent Auditors**

The Auditors, PricewaterhouseCoopers, will be re-appointed in accordance with section 383 of the Companies Act.

**On behalf of the Board**

**12 October 2023**



Director



Director

## **Depository's Report**

We have enquired into the conduct of Carne Global Fund Managers (Ireland) Limited as the Manager of Russell Investment Company III plc (the "Company") and into the conduct of the Company itself for the financial year ended 30 June 2023, in our capacity as depository to the Company.

This report including the opinion has been prepared for and solely for the shareholders in the Company as a body, in accordance with Regulation 34, (1), (3) and (4) in Part 5 of the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011 as amended, (the "UCITS Regulations") and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown.

### **Responsibilities of the Depository**

Our duties and responsibilities are outlined in Regulation 34, (1), (3) and (4) in Part 5 of the UCITS Regulations. One of those duties is to enquire into the conduct of the Company in each annual accounting period and report thereon to the shareholders.

Our report shall state whether, in our opinion, the Company has been managed in that financial year in accordance with the provisions of the Company's Memorandum and Articles of Association and the UCITS Regulations. It is the overall responsibility of the Company to comply with these provisions. If the Company has not so complied, we as Depository must state why this is the case and outline the steps which we have taken to rectify the situation.

### **Basis of Depository Opinion**

The Depository conducts such reviews as it, in its reasonable opinion, considers necessary in order to comply with its duties as outlined in Regulation 34, (1), (3) and (4) in Part 5 of the UCITS Regulations and to ensure that, in all material respects, the Company has been managed (i) in accordance with the limitations imposed on its investment and borrowing powers by the provisions of its constitutional documentation and the UCITS Regulations and (ii) otherwise in accordance with the Company's constitutional documentation and the appropriate regulations.

### **Opinion**

In our opinion, the Company has been managed during the financial year, in all material respects:

- i) in accordance with the limitations imposed on the investment and borrowing powers of the Company by the Memorandum & Articles of Association, the UCITS Regulations and the Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) (Undertakings for Collective Investment in Transferable Securities) Regulations 2019 ('the Central Bank UCITS Regulations') and
- ii) otherwise in accordance with the provisions of the Memorandum & Articles of Association, the UCITS Regulations and the Central Bank UCITS Regulations.



**State Street Custodial Services (Ireland) Limited**  
**78 Sir John Rogerson's Quay**  
**Dublin 2**  
**Ireland**

**12 October 2023**





# ***Independent auditors' report to the members of Russell Investment Company III plc***

## **Report on the audit of the financial statements**

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### **Opinion**

In our opinion, Russell Investment Company III plc's financial statements:

- give a true and fair view of the Company's and Funds' assets, liabilities and financial position as at 30 June 2023 and of their results for the year then ended;
- have been properly prepared in accordance with Generally Accepted Accounting Practice in Ireland (accounting standards issued by the Financial Reporting Council of the UK, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and Irish law); and
- have been properly prepared in accordance with the requirements of the Companies Act 2014 and the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011 (as amended).

We have audited the financial statements, included within the Annual Report and Audited Financial Statements, which comprise:

- the Balance Sheet of the Company and each of its Funds as at 30 June 2023;
- the Profit and Loss Account of the Company and each of its Funds for the year then ended;
- the Statement of Changes in Net Assets Attributable to Redeemable Participating Shareholders of the Company and each of its Funds for the year then ended;
- the Schedule of Investments for each of the Funds as at 30 June 2023; and
- the notes to the financial statements for the Company and for each of its Funds, which include a description of the significant accounting policies.

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### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (Ireland) ("ISAs (Ireland)") and applicable law.

Our responsibilities under ISAs (Ireland) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Independence**

We remained independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ireland, which includes IAASA's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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### **Conclusions relating to going concern**

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's and Funds' ability to continue as a going concern for a period of at least twelve months from the date on which the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Company's and Funds' ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.



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## Reporting on other information

The other information comprises all of the information in the Annual Report and Audited Financial Statements other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Directors' Report, we also considered whether the disclosures required by the Companies Act 2014 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (Ireland) and the Companies Act 2014 require us to also report certain opinions and matters as described below:

- In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the year ended 30 June 2023 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.
- Based on our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Directors' Report.

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## Responsibilities for the financial statements and the audit

### *Responsibilities of the directors for the financial statements*

As explained more fully in the Directors' Responsibilities set out on page 4, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view.

The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's and Funds' ability to continue as going concerns, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

### *Auditors' responsibilities for the audit of the financial statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the IAASA website at:

[https://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description\\_of\\_auditors\\_responsibilities\\_for\\_audit.pdf](https://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsibilities_for_audit.pdf).

This description forms part of our auditors' report.



### *Use of this report*

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with section 391 of the Companies Act 2014 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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## **Other required reporting**

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### **Companies Act 2014 opinions on other matters**

- We have obtained all the information and explanations which we consider necessary for the purposes of our audit.
- In our opinion the accounting records of the Company were sufficient to permit the financial statements to be readily and properly audited.
- The financial statements are in agreement with the accounting records.

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### **Companies Act 2014 exception reporting**

#### *Directors' remuneration and transactions*

Under the Companies Act 2014 we are required to report to you if, in our opinion, the disclosures of directors' remuneration and transactions specified by sections 305 to 312 of that Act have not been made. We have no exceptions to report arising from this responsibility.

A handwritten signature in black ink, appearing to read 'Declan', with a long, sweeping flourish extending to the right.

Declan Murphy  
for and on behalf of PricewaterhouseCoopers  
Chartered Accountants and Statutory Audit Firm  
Dublin  
12 October 2023

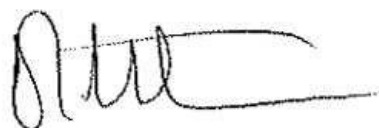
**Combined Balance Sheet**

As at 30 June 2023

	<b>Total 30 June 2023 USD '000</b>	<b>Total 30 June 2022 USD '000</b>
<b>Assets</b>		
Financial assets at fair value through profit or loss .....	763,093	953,208
Cash at bank .....	172	6,812
Debtors:		
Receivable for investments sold .....	8,717	-
Receivable on fund shares issued .....	6,731	-
Interest receivable and other assets .....	1,573	1,099
	<u>780,286</u>	<u>961,119</u>
<b>Liabilities</b>		
Creditors – amounts falling due within one financial year:		
Payable for investments purchased .....	(5,251)	(20,144)
Payable on fund shares redeemed .....	(25)	-
Management fees payable .....	(37)	(45)
Depositary fees payable .....	(26)	(357)
Administration fees payable .....	(18)	-
Audit fees payable .....	(54)	(53)
	<u>(5,411)</u>	<u>(20,599)</u>
<b>Net asset value attributable to redeemable participating shareholders .....</b>	<u><u>774,875</u></u>	<u><u>940,520</u></u>

On behalf of the Board

12 October 2023



Director



Director

The accompanying notes are an integral part of the financial statements.

## Combined Profit and Loss Account

For the financial year ended 30 June 2023

	<b>Total 2023 USD '000</b>	<b>Total 2022 USD '000</b>
<b>Income</b>		
Interest (expense) income.....	24,162	1,610
Net gain (loss) on investment activities.....	<u>31</u>	<u>(35)</u>
<b>Total investment income (expense)</b> .....	<u>24,193</u>	<u>1,575</u>
<b>Expenses</b>		
Management fees.....	(446)	(609)
Depositary fees.....	(86)	(113)
Sub-custodian fees.....	(56)	(59)
Administration and transfer agency fees.....	(170)	(199)
Audit fees.....	(53)	(56)
Professional fees.....	(77)	(79)
Other fees.....	<u>(75)</u>	<u>(83)</u>
<b>Total operating expenses</b> .....	<u>(963)</u>	<u>(1,198)</u>
<b>Net income (expense)</b> .....	23,230	377
<b>Finance costs</b>		
Distributions.....	<u>-</u>	<u>(18)</u>
<b>Net increase (decrease) in net assets attributable to redeemable participating shareholders resulting from operations</b> .....	<u><u>23,230</u></u>	<u><u>359</u></u>

All amounts in respect of the financial year ended 30 June 2023 arose solely from continuing operations. There are no recognised gains or losses other than those dealt with in the profit and loss account.

The accompanying notes are an integral part of the financial statements.

**Combined Statement of Changes in Net Assets Attributable to Redeemable Participating Shareholders**

For the financial year ended 30 June 2023

	<b>Total 2023 USD '000</b>	<b>Total 2022 USD '000</b>
<b>Net increase (decrease) in net assets attributable to redeemable participating shareholders resulting from operations</b> .....	23,230	359
<b>Share transactions</b>		
Reinvestment of deemed distributions on hybrid accumulation shares .....	-	18
Net increase (decrease) in net assets resulting from redeemable participating share transactions .....	<u>(198,861)</u>	<u>(92,357)</u>
<b>Total net increase (decrease) in net assets attributable to redeemable participating shareholders</b> .....	(175,631)	(91,980)
Foreign currency translation (Note 1) .....	9,986	(53,497)
<b>Net assets attributable to redeemable participating shareholders</b>		
Beginning of financial year .....	<u>940,520</u>	<u>1,085,997</u>
End of financial year .....	<u><u>774,875</u></u>	<u><u>940,520</u></u>

The accompanying notes are an integral part of the financial statements.

## **Principal Money Manager's Report**

### **Principal Money Manager as at 30 June 2023**

Russell Investments Limited

#### **Investment Objective**

The investment objective of Russell Investments Sterling Liquidity Fund (the "Fund") is to preserve the principal of the Fund and provide a return in line with Money Market Rates. The Fund is a Short-Term Money Market Fund.

#### **Fund Performance**

During the financial year ended 30 June 2023, the Fund (Class B) returned 3.1 per cent on a gross-of-fee\* basis (2.8 per cent on a net-of-fee basis), while the benchmark\*\* returned 3.0 per cent.

#### **Market Comment**

Global bonds declined in a volatile third quarter in 2022. Bonds performed well in July, before entering a bear market for the first time in twenty years as the era of accommodative interest rates and in some cases, negative rates, truly ended. The US Federal Reserve (Fed), Bank of England (BoE) and European Central Bank (ECB) hiked rates, whilst increases by Central Banks in Switzerland, Sweden and Denmark marked an end to negative rates in the wider European region. The reason for this broad hawkish momentum was unambiguous – persistently high inflation.

Global bonds brought a negative year to a close with a positive return in the fourth quarter of 2022. Investors continued to assess the future path for interest rates amid expectations of a global slowdown. The US Fed, BoE and ECB raised interest rates as expected during the period. Policymakers predicted rates would continue to rise to tackle high inflation. However, an anticipated slower pace of future rate hikes and softer-than-expected inflation data boosted investor enthusiasm.

Global bonds increased in the first quarter of 2023. Government bonds rallied following turmoil in the banking sector. The failure of three US regional banks and a collapse in Credit Suisse's share price, which ultimately led to its takeover by rival UBS, heightened fears of contagion and prompted investors to seek safe-haven assets. In this environment, longer duration US Treasuries, Eurozone sovereigns and UK gilts outperformed equivalents elsewhere, particularly in China. Despite extreme turbulence in February and March corporate bond markets rose. The US Fed, BoE and ECB all raised rates. However, the market turbulence led to increased uncertainty over the future direction of interest rates.

Global bonds were close to flat over the second quarter of 2023. Government bond returns ended flat or lower, as policymakers indicated that additional interest rate rises would be required to bring inflation under control. Eurozone sovereigns fared better than equivalents elsewhere, particularly in Japan and China. Corporate bonds ended broadly higher, with high yield credit mostly outperforming investment grade bonds except in emerging markets. The Fed, ECB and the BoE all raised rates over the quarter, by varying amounts

#### **General Comment on Managers/Performance**

The Fund offers an attractive yield when compared with its objective, and is well-positioned with holdings in well-capitalised banks. The Fund's majority allocation is to low risk, short-dated instruments.

**Past performance is no indication of current or future performance.**

\* Class B

\*\* ICE BofA Sterling 3-Month Government Bill

**Russell Investments Ireland Limited**

**July 2023**

**Russell Investment Company III plc**  
**Russell Investments Sterling Liquidity Fund**

**Balance Sheet**

As at 30 June 2023

	<u>30 June 2023</u> GBP '000	<u>30 June 2022</u> GBP '000
<b>Assets</b>		
Financial assets at fair value through profit or loss (Note 2) .....	109,677	243,204
Cash at bank (Note 3) .....	44	24
Debtors:		
Receivable on fund shares issued .....	5,295	-
Interest receivable and other assets .....	225	159
	<u>115,241</u>	<u>243,387</u>
<b>Liabilities</b>		
Creditors – amounts falling due within one financial year:		
Payable for investments purchased .....	(1,991)	(10,989)
Payable on fund shares redeemed .....	(20)	-
Management fees payable .....	(4)	(10)
Depositary fees payable .....	-	(57)
Audit fees payable .....	(14)	(14)
	<u>(2,029)</u>	<u>(11,070)</u>
<b>Net assets value attributable to redeemable participating shareholders .....</b>	<u><u>113,212</u></u>	<u><u>232,317</u></u>

The accompanying notes are an integral part of the financial statements.



**Russell Investment Company III plc**  
**Russell Investments Sterling Liquidity Fund**

**Profit and Loss Account**

For the financial year ended 30 June 2023

	<b>2023</b>	<b>2022</b>
	<b>GBP '000</b>	<b>GBP '000</b>
<b>Income</b>		
Interest (expense) income .....	3,404	724
Net gain (loss) on investment activities (Note 4) .....	<u>18</u>	<u>(11)</u>
<b>Total investment income (expense)</b> .....	<u>3,422</u>	<u>713</u>
<b>Expenses</b>		
Management fees (Note 5) .....	(72)	(109)
Depository fees (Note 6) .....	(16)	(23)
Sub-custodian fees (Note 6) .....	(11)	(11)
Administration and transfer agency fees (Note 6) .....	(35)	(44)
Audit fees (Note 6) .....	(14)	(14)
Professional fees .....	(17)	(17)
Other fees .....	<u>(15)</u>	<u>(17)</u>
<b>Total operating expenses</b> .....	<u>(180)</u>	<u>(235)</u>
<b>Net increase (decrease) in net assets attributable to redeemable participating shareholders resulting from operations</b> .....	<u><u>3,242</u></u>	<u><u>478</u></u>

All amounts arose solely from continuing operations. There are no recognised gains or losses other than those dealt with in the Profit and Loss Account.

The accompanying notes are an integral part of the financial statements.

**Statement of Changes in Net Assets Attributable to Redeemable Participating Shareholders**

For the financial year ended 30 June 2023

	<u>2023</u> <u>GBP '000</u>	<u>2022</u> <u>GBP '000</u>
<b>Net increase (decrease) in net assets attributable to redeemable participating shareholders resulting from operations .....</b>	3,242	478
<b>Share transactions</b>		
Net increase (decrease) in net assets resulting from redeemable participating share transactions (Note 10).....	<u>(122,347)</u>	<u>26,760</u>
<b>Total net increase (decrease) in net assets attributable to redeemable participating shareholders .....</b>	(119,105)	27,238
<b>Net assets attributable to redeemable participating shareholders</b>		
Beginning of financial year .....	<u>232,317</u>	<u>205,079</u>
End of financial year .....	<u><u>113,212</u></u>	<u><u>232,317</u></u>

The accompanying notes are an integral part of the financial statements.



**Russell Investment Company III plc**  
**Russell Investments Sterling Liquidity Fund**

**Schedule of Investments - continued**

30 June 2023

Principal Amount '000		Fair Value GBP '000	Fund %
	Royal Bank of Canada		
10,100	0.049% due 03/07/23 ..	10,100	8.92
		<u>20,600</u>	<u>18.19</u>
	<b>Total Deposits with Credit Institutions .....</b>	<u>22,600</u>	<u>19.96</u>
	<b>Money Market Instruments (25.20%) (2022: 10.25%) United Kingdom (25.20%)</b>		
	U.K. Treasury Bills		
	Zero Coupon due		
50	03/07/23 .....	50	0.05
7,900	10/07/23 .....	7,893	6.97
10,200	17/07/23 .....	10,182	8.99
7,441	24/07/23 .....	7,421	6.56
3,000	21/08/23 .....	2,982	2.63
		<u>28,528</u>	<u>25.20</u>
	<b>Total Money Market Instruments .....</b>	<u>28,528</u>	<u>25.20</u>

	Fair Value GBP '000	Fund %
<b>Total Financial Assets at Fair Value through Profit or Loss (96.88%).....</b>	109,677	96.88
<b>Other Net Assets (3.12%) .....</b>	<u>3,535</u>	<u>3.12</u>
<b>Net Assets .....</b>	<u><u>113,212</u></u>	<u><u>100.00</u></u>

**Analysis of gross assets – (unaudited)**

	% of gross assets
Transferable securities dealt on a regulated market other than an official stock exchange .....	12.13
Certificates of deposit .....	10.88
Commercial paper .....	27.80
Deposits with credit institutions.....	19.61
Money market instruments.....	24.75
Other assets .....	4.83
	<u><u>100.00</u></u>

**Fair Value Hierarchy (Note 12 b) i)**

All of the Fund's financial assets measured at fair value at 30 June 2023 and 30 June 2022 were classified as Level 2.

The accompanying notes are an integral part of the financial statements.

**Russell Investment Company III plc**  
**Russell Investments Sterling Liquidity Fund**

**Statement of Changes in Composition of Portfolio\* (unaudited)**

For the financial year ended 30 June 2023

Portfolio Securities	Acquisition Cost GBP'000	Portfolio Securities	Disposal Proceeds GBP'000
Royal Bank of Canada 1.690% due 13/09/22	25,900	U.K. Treasury Bill Zero Coupon due 28/12/22	(4,997)
Cooperatieve Rabobank UA 1.650% due 13/09/22 1.650% due 16/09/22	25,800 25,000	Banco Santander SA Zero Coupon due 24/10/22	(4,996)
Royal Bank of Canada 1.690% due 10/08/22	24,125	U.K. Gilt 12.500% due 31/01/23	(4,088)
Credit Agricole SA 1.650% due 10/08/22	23,600	U.K. Treasury Bill Zero Coupon due 20/02/23	(3,990)
Barclays Bank PLC 1.450% due 10/08/22	23,600	Canadian Imperial Bank of Commerce 1.000% due 14/01/23	(3,000)
BNP Paribas SA 1.660% due 10/08/22	23,600	LMA SA Zero Coupon due 12/10/22	(2,999)
Cooperatieve Rabobank UA 1.650% due 10/08/22	23,600	BMW International Investment BV Zero Coupon due 25/10/22	(2,998)
Credit Agricole SA 1.650% due 19/08/22	23,400	Agence Centrale Organismes Zero Coupon due 30/12/22	(1,998)
Royal Bank of Canada 1.690% due 19/08/22	23,400	Mizuho Bank Ltd. Zero Coupon due 03/11/22	(999)
BNP Paribas SA 1.660% due 19/08/22	23,400	Natixis SA Zero Coupon due 09/11/22	(998)
U.K. Treasury Bill Zero Coupon due 22/05/23	22,352	U.K. Treasury Bill Zero Coupon due 08/08/22	(10)
Royal Bank of Canada 1.690% due 11/08/22	21,760		
Credit Agricole SA 1.650% due 13/09/22 1.650% due 11/08/22	21,400 21,200		
Barclays Bank PLC 1.450% due 11/08/22	21,200		
BNP Paribas SA 1.660% due 11/08/22	21,200		
Cooperatieve Rabobank UA 1.650% due 11/08/22	21,200		
Royal Bank of Canada 2.190% due 03/10/22	21,000		
Agence Centrale Organismes Zero Coupon due 12/08/22	20,994		

\* Significant portfolio changes are defined as the value of purchases exceeding 1% of total cost of purchases, and sales exceeding 1% of total proceeds. At a minimum the twenty largest purchases and twenty largest sales must be shown. Should there have been less than that amount of transactions, all such transactions have been disclosed. Securities held to maturity, which matured during the reporting period, have been excluded from the Statement of Changes in Composition of Portfolio.

A copy of the list of changes in the portfolio during the reference period may be obtained free of charge from the Company's Administrator or from the paying agent or paying and information agents in each country of distribution.

## **Principal Money Manager's Report**

### ***Investment Manager as at 30 June 2023***

Russell Investment Management, LLC

### ***Investment Objective***

The investment objective of Russell Investments U.S. Dollar Cash Fund II (the "Fund") is to provide the maximum current income that is consistent with the preservation of capital and liquidity by investing in short-term, high-grade debt and debt-related instruments. The Fund is a Short-Term Money Market Fund.

### ***Fund Performance***

During the financial year ended 30 June 2023, the Fund returned 3.9 per cent on a gross-of-fee\* basis (3.6 per cent on a net-of-fee basis), while the benchmark\*\* returned 3.7 per cent.

### ***Market Comment***

Global bonds declined in a volatile third quarter in 2022. Bonds performed well in July, before entering a bear market for the first time in twenty years as the era of accommodative interest rates and in some cases, negative rates, truly ended. The US Federal Reserve (Fed), Bank of England (BoE) and European Central Bank (ECB) hiked rates, whilst increases by Central Banks in Switzerland, Sweden and Denmark marked an end to negative rates in the wider European region. The reason for this broad hawkish momentum was unambiguous – persistently high inflation.

Global bonds brought a negative year to a close with a positive return in the fourth quarter of 2022. Investors continued to assess the future path for interest rates amid expectations of a global slowdown. The US Fed, BoE and ECB raised interest rates as expected during the period. Policymakers predicted rates would continue to rise to tackle high inflation. However, an anticipated slower pace of future rate hikes and softer-than-expected inflation data boosted investor enthusiasm.

Global bonds increased in the first quarter of 2023. Government bonds rallied following turmoil in the banking sector. The failure of three US regional banks and a collapse in Credit Suisse's share price, which ultimately led to its takeover by rival UBS, heightened fears of contagion and prompted investors to seek safe-haven assets. In this environment, longer duration US Treasuries, Eurozone sovereigns and UK gilts outperformed equivalents elsewhere, particularly in China. Despite extreme turbulence in February and March corporate bond markets rose. The US Fed, BoE and ECB all raised rates. However, the market turbulence led to increased uncertainty over the future direction of interest rates.

Global bonds were close to flat over the second quarter of 2023. Government bond returns ended flat or lower, as policymakers indicated that additional interest rate rises would be required to bring inflation under control. Eurozone sovereigns fared better than equivalents elsewhere, particularly in Japan and China. Corporate bonds ended broadly higher, with high yield credit mostly outperforming investment grade bonds except in emerging markets. The Fed, ECB and the BoE all raised rates over the quarter, by varying amounts.

### ***General Comment on Managers/Performance***

The Fund offers an attractive yield when compared with its objective, and is well-positioned with holdings in well-capitalised banks. The Fund's majority allocation is to low risk, short-dated instruments.

***Past performance is no indication of current or future performance.***

\* Class B Fees

\*\* Bloomberg U.S. 1-3 Month Treasury Bill Index

**Russell Investments Ireland Limited**  
**July 2023**

**Russell Investment Company III plc**  
**Russell Investments U.S. Dollar Cash Fund II**

**Balance Sheet**

As at 30 June 2023

	<u>30 June 2023</u> USD '000	<u>30 June 2022</u> USD '000
<b>Assets</b>		
Financial assets at fair value through profit or loss (Note 2) .....	522,200	544,480
Cash at bank (Note 3) .....	89	5
Debtors:		
Interest receivable and other assets .....	872	535
	<u>523,161</u>	<u>545,020</u>
<b>Liabilities</b>		
Creditors – amounts falling due within one financial year:		
Management fees payable .....	(25)	(28)
Depository fees payable .....	(14)	(208)
Administration fees payable .....	(18)	-
Audit fees payable .....	(19)	(19)
	<u>(76)</u>	<u>(255)</u>
<b>Net assets value attributable to redeemable participating shareholders .....</b>	<u><u>523,085</u></u>	<u><u>544,765</u></u>

The accompanying notes are an integral part of the financial statements.

**Russell Investment Company III plc**  
**Russell Investments U.S. Dollar Cash Fund II**

**Profit and Loss Account**

For the financial year ended 30 June 2023

	<u>2023</u> USD '000	<u>2022</u> USD '000
<b>Income</b>		
Interest (expense) income .....	18,360	1,461
Net gain (loss) on investment activities (Note 4) .....	<u>3</u>	<u>(20)</u>
<b>Total investment income (expense)</b> .....	<u>18,363</u>	<u>1,441</u>
<b>Expenses</b>		
Management fees (Note 5) .....	(287)	(386)
Depository fees (Note 6) .....	(46)	(59)
Sub-custodian fees (Note 6) .....	(26)	(26)
Administration and transfer agency fees (Note 6) .....	(95)	(106)
Audit fees (Note 6) .....	(19)	(19)
Professional fees .....	(51)	(51)
Other fees .....	<u>(44)</u>	<u>(45)</u>
<b>Total operating expenses</b> .....	<u>(568)</u>	<u>(692)</u>
<b>Net income (expense)</b> .....	17,795	749
<b>Finance costs</b>		
Distributions (Note 8) .....	<u>-</u>	<u>(18)</u>
<b>Net increase (decrease) in net assets attributable to redeemable participating shareholders resulting from operations</b> .....	<u><u>17,795</u></u>	<u><u>731</u></u>

All amounts arose solely from continuing operations. There are no recognised gains or losses other than those dealt with in the Profit and Loss Account.

The accompanying notes are an integral part of the financial statements.



**Statement of Changes in Net Assets Attributable to Redeemable Participating Shareholders**

For the financial year ended 30 June 2023

	<u>2023</u> USD '000	<u>2022</u> USD '000
<b>Net increase (decrease) in net assets attributable to redeemable participating shareholders resulting from operations .....</b>	17,795	731
<b>Share transactions</b>		
Reinvestment of deemed distributions on hybrid accumulation shares (Note 8) .....	-	18
Net increase (decrease) in net assets resulting from redeemable participating share transactions (Note 10).....	<u>(39,475)</u>	<u>(112,650)</u>
<b>Total net increase (decrease) in net assets attributable to redeemable participating shareholders .....</b>	(21,680)	(111,901)
<b>Net assets attributable to redeemable participating shareholders</b>		
Beginning of financial year .....	<u>544,765</u>	<u>656,666</u>
End of financial year .....	<u><u>523,085</u></u>	<u><u>544,765</u></u>

The accompanying notes are an integral part of the financial statements.





**Schedule of Investments - continued**

30 June 2023

<u>Analysis of gross assets – (unaudited)</u>	<u>% of gross assets</u>
Transferable securities dealt on a regulated market other than an official stock exchange .....	47.72
Certificates of deposit .....	1.82
Commercial paper .....	14.87
Deposits with credit institutions.....	11.47
Money market instruments.....	23.94
Other assets .....	0.18
	<u>100.00</u>

**Fair Value Hierarchy (Note 12 b) i)**

All of the Fund's financial assets measured at fair value at 30 June 2023 and 30 June 2022 were classified as Level 2.

The accompanying notes are an integral part of the financial statements.

**Russell Investment Company III plc**  
**Russell Investments U.S. Dollar Cash Fund II**

**Statement of Changes in Composition of Portfolio\* (unaudited)**

For the financial year ended 30 June 2023

Portfolio Securities	Acquisition Cost USD'000	Portfolio Securities	Disposal Proceeds USD'000
Mizuho Bank Ltd. 5.070% due 23/06/23	2,410,932	U.S. Treasury Bill Zero Coupon due 05/01/23	(49,969)
Barclays Bank PLC 5.080% due 22/06/23	2,353,000	Federal Home Loan Bank Discount Note Zero Coupon due 02/12/22	(36,996)
Skandinaviska Enskilda Banken AB 5.050% due 23/06/23	2,295,410	Mizuho Bank Ltd. 5.070% due 23/06/23	(11,100)
Canadian Imperial Bank 5.050% due 23/06/23	2,253,070	U.S. Treasury Bills Zero Coupon due 15/11/22	(3,450)
Den Norskebank 5.020% due 22/06/23	2,209,785	Zero Coupon due 06/12/22	(499)
BNP Paribas SA 5.040% due 22/06/23	2,111,452	Zero Coupon due 13/12/22	(100)
Calyon 5.040% due 14/06/23	1,060,500	Zero Coupon due 08/11/22	(50)
Federal Home Loan Bank Discount Notes			
Zero Coupon due 17/11/22	157,984		
Zero Coupon due 16/09/22	156,159		
Zero Coupon due 16/11/22	152,952		
Zero Coupon due 09/11/22	152,673		
Zero Coupon due 03/02/23	151,428		
Zero Coupon due 07/02/23	149,928		
Zero Coupon due 14/09/22	139,967		
Zero Coupon due 18/10/22	139,962		
Zero Coupon due 21/04/23	134,438		
Zero Coupon due 15/09/22	129,992		
Zero Coupon due 26/10/22	129,977		
Federal National Mortgage Association Discount Note			
Zero Coupon due 20/03/23	129,938		
Federal Home Loan Bank Discount Note Zero Coupon due 11/01/23	129,924		

\* Significant portfolio changes are defined as the value of purchases exceeding 1% of total cost of purchases, and sales exceeding 1% of total proceeds. At a minimum the twenty largest purchases and twenty largest sales must be shown. Should there have been less than that amount of transactions, all such transactions have been disclosed. Securities held to maturity, which matured during the reporting period, have been excluded from the Statement of Changes in Composition of Portfolio.

A copy of the list of changes in the portfolio during the reference period may be obtained free of charge from the Company's Administrator or from the paying agent or paying and information agents in each country of distribution.

## **Principal Money Manager's Report**

### **Principal Money Manager as at 30 June 2023**

Russell Investments Limited

#### **Investment Objective**

The investment objective of Russell Investments Euro Liquidity Fund (the "Fund") is to preserve the principal of the Fund and provide a return in line with Money Market Rates. The Fund is a Short-Term Money Market Fund.

#### **Fund Performance**

During the financial year ended 30 June 2023, the Fund returned 1.5 per cent on a gross-of-fee\* basis (1.2 per cent on a net-of-fee basis), while the benchmark\*\* returned 1.1 per cent.

#### **Market Comment**

Global bonds declined in a volatile third quarter in 2022. Bonds performed well in July, before entering a bear market for the first time in twenty years as the era of accommodative interest rates and in some cases, negative rates, truly ended. The US Federal Reserve (Fed), Bank of England (BoE) and European Central Bank (ECB) hiked rates, whilst increases by Central Banks in Switzerland, Sweden and Denmark marked an end to negative rates in the wider European region. The reason for this broad hawkish momentum was unambiguous – persistently high inflation.

Global bonds brought a negative year to a close with a positive return in the fourth quarter of 2022. Investors continued to assess the future path for interest rates amid expectations of a global slowdown. The US Fed, BoE and ECB raised interest rates as expected during the period. Policymakers predicted rates would continue to rise to tackle high inflation. However, an anticipated slower pace of future rate hikes and softer-than-expected inflation data boosted investor enthusiasm.

Global bonds increased in the first quarter of 2023. Government bonds rallied following turmoil in the banking sector. The failure of three US regional banks and a collapse in Credit Suisse's share price, which ultimately led to its takeover by rival UBS, heightened fears of contagion and prompted investors to seek safe-haven assets. In this environment, longer duration US Treasuries, Eurozone sovereigns and UK gilts outperformed equivalents elsewhere, particularly in China. Despite extreme turbulence in February and March corporate bond markets rose. The US Fed, BoE and ECB all raised rates. However, the market turbulence led to increased uncertainty over the future direction of interest rates.

Global bonds were close to flat over the second quarter of 2023. Government bond returns ended flat or lower, as policymakers indicated that additional interest rate rises would be required to bring inflation under control. Eurozone sovereigns fared better than equivalents elsewhere, particularly in Japan and China. Corporate bonds ended broadly higher, with high yield credit mostly outperforming investment grade bonds except in emerging markets. The Fed, ECB and the BoE all raised rates over the quarter, by varying amounts.

#### **General Comment on Managers/Performance**

The Fund offers an attractive yield when compared with its objective, and is well-positioned with holdings in well-capitalised banks. The Fund's majority allocation is to low risk, short-dated instruments.

*Past performance is no indication of current or future performance.*

\* Class B

\*\* Bloomberg Euro Treasury Bill 0-3 Months

**Russell Investments Ireland Limited**  
**July 2023**

**Russell Investment Company III plc**  
**Russell Investments Euro Liquidity Fund**

**Balance Sheet**

As at 30 June 2023

	<b>30 June 2023</b>	<b>30 June 2022</b>
	<b>EUR '000</b>	<b>EUR '000</b>
<b>Assets</b>		
Financial assets at fair value through profit or loss (Note 2) .....	92,999	108,431
Cash at bank (Note 3) .....	25	6,483
Debtors:		
Receivable for investments sold .....	7,991	-
Interest receivable and other assets .....	380	355
	<u>101,395</u>	<u>115,269</u>
<b>Liabilities</b>		
Creditors – amounts falling due within one financial year:		
Payable for investments purchased .....	(2,493)	(6,503)
Management fees payable .....	(6)	(5)
Depositary fees payable .....	(11)	(76)
Audit fees payable .....	(16)	(16)
	<u>(2,526)</u>	<u>(6,600)</u>
<b>Net assets value attributable to redeemable participating shareholders .....</b>	<u><u>98,869</u></u>	<u><u>108,669</u></u>

The accompanying notes are an integral part of the financial statements.

**Russell Investment Company III plc**  
**Russell Investments Euro Liquidity Fund**

**Profit and Loss Account**

For the financial year ended 30 June 2023

	<b>2023</b>	<b>2022</b>
	<b>EUR '000</b>	<b>EUR '000</b>
<b>Income</b>		
Interest (expense) income .....	1,619	(723)
Net gain (loss) on investment activities (Note 4) .....	<u>6</u>	<u>-</u>
<b>Total investment income (expense)</b> .....	<u>1,625</u>	<u>(723)</u>
<b>Expenses</b>		
Management fees (Note 5) .....	(69)	(69)
Depository fees (Note 6).....	(20)	(21)
Sub-custodian fees (Note 6) .....	(16)	(16)
Administration and transfer agency fees (Note 6).....	(31)	(31)
Audit fees (Note 6) .....	(16)	(16)
Professional fees .....	(5)	(5)
Other fees.....	<u>(12)</u>	<u>(14)</u>
<b>Total operating expenses</b> .....	<u>(169)</u>	<u>(172)</u>
<b>Net increase (decrease) in net assets attributable to redeemable participating shareholders resulting from operations</b> .....	<u><u>1,456</u></u>	<u><u>(895)</u></u>

All amounts arose solely from continuing operations. There are no recognised gains or losses other than those dealt with in the Profit and Loss Account.

The accompanying notes are an integral part of the financial statements.



**Statement of Changes in Net Assets Attributable to Redeemable Participating Shareholders**

For the financial year ended 30 June 2023

	<u>2023</u> EUR '000	<u>2022</u> EUR '000
<b>Net increase (decrease) in net assets attributable to redeemable participating shareholders resulting from operations .....</b>	1,456	(895)
<b>Share transactions</b>		
Net increase (decrease) in net assets resulting from redeemable participating share transactions (Note 10).....	<u>(11,256)</u>	<u>(13,572)</u>
<b>Total net increase (decrease) in net assets attributable to redeemable participating shareholders .....</b>	(9,800)	(14,467)
<b>Net assets attributable to redeemable participating shareholders</b>		
Beginning of financial year .....	<u>108,669</u>	<u>123,136</u>
End of financial year .....	<u><u>98,869</u></u>	<u><u>108,669</u></u>

The accompanying notes are an integral part of the financial statements.



**Schedule of Investments - continued**

30 June 2023

Principal Amount '000		Fair Value EUR '000	Fund %
	<b>Money Market Instruments (25.26%)</b>		
	(2022: 18.42%)		
	<b>Belgium (9.09%)</b>		
	Kingdom of Belgium Treasury Bills		
	Zero Coupon due		
9,000	13/07/23 .....	8,992	9.09
	<b>France (16.17%)</b>		
	France Treasury Bills BTF		
	Zero Coupon due		
7,000	12/07/23 .....	6,995	7.08
9,000	19/07/23 .....	8,988	9.09
		<u>15,983</u>	<u>16.17</u>
	<b>Total Money Market Instruments .....</b>	<u>24,975</u>	<u>25.26</u>

	Fair Value EUR '000	Fund %
<b>Total Financial Assets at Fair Value through Profit or Loss (94.06%) .....</b>	92,999	94.06
<b>Other Net Assets (5.94%) .....</b>	<u>5,870</u>	<u>5.94</u>
<b>Net Assets .....</b>	<u><u>98,869</u></u>	<u><u>100.00</u></u>

**Analysis of gross assets – (unaudited)**

	% of gross assets
Transferable securities dealt on a regulated market other than an official stock exchange .....	4.92
Certificates of deposit .....	3.94
Commercial paper .....	40.38
Deposits with credit institutions .....	17.85
Money market instruments .....	24.63
Other assets .....	8.28
	<u><u>100.00</u></u>

**Fair Value Hierarchy (Note 12 b) i)**

All of the Fund's financial assets measured at fair value at 30 June 2023 and 30 June 2022 were classified as Level 2.

The accompanying notes are an integral part of the financial statements.

**Russell Investment Company III plc**  
**Russell Investments Euro Liquidity Fund**

**Statement of Changes in Composition of Portfolio\* (unaudited)**

For the financial year ended 30 June 2023

Portfolio Securities	Acquisition Cost EUR'000	Portfolio Securities	Disposal Proceeds EUR'000
Barclays Bank PLC 1.850% due 09/01/23	457,961	Dutch Treasury Certificate Zero Coupon due 28/10/22	(8,499)
BNP Paribas SA 1.100% due 24/11/22	398,497	France Treasury Bills BTF Zero Coupon due 11/01/23	(5,001)
Credit Agricole SA 1.350% due 24/11/22	384,186	Zero Coupon due 05/07/23	(3,999)
Royal Bank of Canada Zero Coupon due 07/07/22	322,275	Zero Coupon due 26/07/23	(3,992)
State Street Bank and Trust Company 0.120% due 16/08/22	222,470	Zero Coupon due 14/09/22	(2,001)
Rabobank Nederland 1.250% due 24/11/22	18,900	Zero Coupon due 07/12/22	(100)
Royal Bank of Canada 1.000% due 09/12/22	13,500	Zero Coupon due 10/08/22	(5)
Barclays Bank PLC 1.320% due 09/12/22	13,000		
1.380% due 12/12/22	12,463		
Royal Bank of Canada 0.400% due 01/11/22	12,063		
Agence Centrale Organismes Zero Coupon due 22/09/22	12,000		
Rabobank Nederland 1.250% due 09/12/22	12,000		
1.250% due 12/12/22	12,000		
Barclays Bank PLC 0.650% due 01/11/22	12,000		
1.380% due 15/12/23	12,000		
0.650% due 14/10/22	12,000		
BNP Paribas SA 0.500% due 01/11/22	12,000		
Agence Centrale Organismes Zero Coupon due 29/09/22	11,999		
Barclays Bank PLC 2.850% due 28/03/23	11,990		
BNP Paribas SA 2.600% due 23/03/23	11,950		

\* Significant portfolio changes are defined as the value of purchases exceeding 1% of total cost of purchases, and sales exceeding 1% of total proceeds. At a minimum the twenty largest purchases and twenty largest sales must be shown. Should there have been less than that amount of transactions, all such transactions have been disclosed. Securities held to maturity, which matured during the reporting period, have been excluded from the Statement of Changes in Composition of Portfolio.

A copy of the list of changes in the portfolio during the reference period may be obtained free of charge from the Company's Administrator or from the paying agent or paying and information agents in each country of distribution.

## Notes to the Financial Statements

30 June 2023

### 1. Basis of Preparation

#### a) Statement of Compliance

The Company's financial statements are prepared in accordance with accounting standards generally accepted in Ireland ("Irish GAAP") including Financial Reporting Standard ("FRS") 102, the financial reporting standard applicable in the UK and Republic of Ireland, Irish statute comprising the Companies Act and the provisions of the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2011 (as amended) (the "UCITS Regulations"). Irish GAAP, in preparing financial statements which present a true and fair view, are those issued by the Financial Reporting Council ("FRC"). The Companies Act prescribed formats for financial statements have been adapted to make them more applicable to investment funds.

The financial statements are prepared on a going concern basis for all Funds.

The Company has availed of the exemption available to open ended investment funds that hold a substantial proportion of highly liquid and fair valued investments under Section 7 of FRS 102 and is not presenting cash flow statements. The information required by FRS 102 to be included in a statement of comprehensive income, is, in the opinion of the Directors, contained in the Profit and Loss Account of each Fund.

Investments on each individual Schedule of Investments less than 500 in value in the presentation currency of the respective Fund are rounded to zero. The transferable securities listed on each Fund's Schedule of Investments are listed in the order of country of incorporation of the respective security and the number of shares, in respect of equities, and the principal amount, in respect of debt instruments held have been rounded to the nearest thousand (number of shares are rounded to zero where less than 500 shares are held).

#### b) Combined Financial Statements

The combined financial statements of the Company are measured using U.S. Dollar, being the functional currency of the primary economic environment in which it operates. The Company has also adopted U.S. Dollar as the presentation currency. The financial statements of each Fund are prepared in the functional currency of the respective Fund. The functional currency of each Fund is that as disclosed on the primary statements of the respective Fund. The accounts of the individual Funds are translated into U.S. Dollars and accumulated for preparation of the combined Company's financial statements.

For the purpose of producing the Combined Balance Sheet, respective financial year end exchange rates are used. For the purpose of producing the Combined Profit and Loss Account and the Combined Statement of Changes in Net Assets Attributable to Redeemable Participating Shareholders, the average exchange rates for the respective financial year are used. The currency gain or loss on retranslation of opening net assets, and the average rate difference arising on the translation of the Combined Profit and Loss Account and the Combined Statement of Changes in Net Assets Attributable to Redeemable Participating Shareholders, is included in the Combined Statement of Changes in Net Assets Attributable to Redeemable Participating Shareholders. This translation adjustment does not impact the net asset value per share of any of the individual Funds.

#### c) Estimates and judgements

The preparation of financial statements in conformity with Irish GAAP requires the use of certain critical accounting estimates. It also requires the Board of Directors, based on the advice of the Principal Money Manager, to exercise its judgement in the process of applying the Company's accounting policies. Management also makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are determining fair values of certain financial instruments, as discussed in section a) of Note 2 to the financial statements and determining the functional currency of the Company and individual Funds as discussed in section d) of Note 2 to the financial statements.

### 2. Accounting Policies

The significant accounting policies adopted by the Company for the financial year ended 30 June 2023 are as follows:

## Notes to the Financial Statements - continued

30 June 2023

### 2. Accounting Policies - continued

#### a) Financial Instruments at Fair Value through Profit or Loss

This category has two sub-categories: financial assets and liabilities held for trading, and those designated by Directors at fair value through profit and loss at inception. All instruments on each Fund's Schedule of Investments are classified at fair value through profit or loss. Subsequent to initial recognition, all instruments classified at fair value through profit or loss are measured at fair value with changes in their fair value recognised in the Profit and Loss Account.

##### i) Investments

Securities listed on a recognised stock exchange or traded on any other regulated market are valued at the current last traded market price on the stock exchange or market which constitutes the principal market for such securities. When applicable, the Principal Money Manager or a delegate of the Principal Money Manager i.e. Russell Investments Securities Valuation Committee EMEA will assess unlisted and suspended securities for their net realisable value or the last traded price from broker-dealers for non-exchange-trade purposes. In some cases, fair value techniques may be adopted. Such techniques involve significant estimations and assumptions which means that the value from the technique may differ from the value when it is eventually realised.

Debt securities traded on a regulated market are valued on the basis of valuations provided by a principal market-maker or pricing service vendors approved by the Principal Money Manager. The same committee will review any stale price securities and may consider adjustments should the stale price be deemed not the fair value of the security based on market information provided.

Commercial paper is valued on an amortised basis with reference to the maturity date of these instruments, which approximates fair value.

Floating rates notes are valued on either the last traded priced or the quoted mid price depending on the bond type.

Deposits with credit institutions are valued at par.

#### b) Net Gain (Loss) on Investment Activities

In respect of each instrument type classified as financial instruments at fair value through profit or loss, the movement in unrealised gains (losses) since the prior financial year end and realised gains (losses) are recognised within net gain (loss) on investment activities in the Profit and Loss Account for each relevant Fund.

#### c) Accounting for Investment Transactions, Income and Expenses

Purchases and sales of investments are recognised on trade date, the date on which the Fund commits to purchase or sell the asset, provided the trade instructions have been received by the Depositary prior to the calculation of the Fund's net asset value, being 2.30pm (Irish time) on each dealing day (the "Valuation Point"). Any trade instructions received by the Depositary after the Valuation Point will be recognised on the next dealing day. Investments are initially recognised at fair value and transaction costs for all financial assets and financial liabilities carried at fair value through profit or loss are expensed as incurred.

Investments are recognised when the rights to receive cash flows from the investments are transferred to the Fund or the Fund has exposure to substantially all risks and rewards of ownership. Investments are derecognised when the rights to receive cash flows from the investments have expired or the Fund has transferred substantially all risks and rewards of ownership.

Realised gains and losses on investment transactions are calculated using the average cost method. Realised gains and losses on investments transactions in debt instruments are calculated as the difference between sales proceeds and the amortised cost of the instrument. Amortised cost is arrived at using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating the interest income or interest expense over the relevant period. Interest income and expense are recognised in the Profit and Loss Account for all relevant instruments using the effective interest method. Gains and losses realised on the sale of all financial assets and financial liabilities carried at fair value through profit or loss are recognised in the Profit and Loss Account.

Each Fund pays all of its expenses and such proportion of the Company's expenses as is allocated to that Fund, other than those expressly assumed by the Principal Money Manager. The costs and gains (losses) of any hedging transactions will be attributable to the relevant Share Class. To the extent that expenses are attributable to a specific Share Class of a Fund, that

## Notes to the Financial Statements - continued

30 June 2023

### 2. Accounting Policies - continued

Share Class bears such expenses. All expenses, as disclosed in the Profit and Loss Account, with the exception of Professional and Other fees, are accrued on a daily basis. Professional fees and Other fees recognised in the Profit and Loss Account are generally charged and paid when billed to the Funds.

#### d) Foreign Currency Transactions

In accordance with Section 30 of FRS 102, items included in the individual Fund's financial statements are measured using the currency of the primary economic environment in which it operates (functional currency). The Directors' selection of the functional currency is attributable to the functional currency being: (a) the major component of the Fund's benchmarks; or (b) the common currency of monies received on subscriptions and paid out on redemptions of shares for most clients in the Funds' varied client base or (c) the common currency of the majority of the investments held on the Fund. The functional currency assessment is done on a Fund by Fund basis. The functional currency of the Company is the U.S. Dollar.

Each individual Fund has also adopted its functional currency as the presentation currency. Foreign currency transactions are translated to the functional currency of the relevant Fund at the rate of exchange ruling on the date of the transaction.

For each relevant Fund:

- i) Currency gains and losses can arise where there is a difference between the amounts of foreign dividends and interest recorded on the Fund's books and the Fund's functional currency equivalent to the amounts actually received or paid. These gains or losses are included where appropriate in the dividend and interest income figure in the relevant Fund's Profit and Loss Account;
  - ii) Currency gains and losses realised on securities purchase and sales transactions are included in net gain (loss) on investment activities in the relevant Fund's Profit and Loss Account;
  - iii) Unrealised currency gains and losses on securities held at financial year end are included in net gain (loss) on investment activities in the relevant Fund's Profit and Loss Account;
  - iv) Monetary assets and liabilities denominated in currencies other than the Fund's functional currency are translated at the rate of exchange ruling at the close of business on the relevant reporting date and exchange differences are included in net gain (loss) on investment activities in the relevant Fund's Profit and Loss Account; and
  - v) Share transactions which are settled in a currency other than the functional currency of a Fund are settled using the applicable foreign currency exchange rate as of the trade date. As a result, there is no foreign currency impact on the Funds for such transactions.
- e) **Redeemable Participating Shares**
- Redeemable participating shares are redeemable at the shareholder's option and are classified as financial liabilities. The redeemable shares can be repurchased by the Company at any time for cash equal to a proportionate share of the Company's net asset value. The redeemable share is carried at the redemption amount that is payable at the balance sheet date if a shareholder exercised his or her right to have the Company repurchase his or her share. Monetary value share transactions during the financial year are recognised in the Statement of Changes in Net Assets Attributable to Redeemable Participating Shareholders of the relevant Fund.
- f) **Distributions**
- Distributions on Income Share Classes, total distributions declared on Hybrid Accumulation Share Classes and deemed distributions on Accumulating Share Classes with an ex date during the financial year are included as a finance cost in the Profit and Loss Account. The reinvestment of the deemed distribution on the Hybrid Accumulation Share Classes, being the portion of total distribution reinvested, and the reinvestment of the deemed distribution on the Accumulation Share Classes are included as a share transaction in the Statement of Changes in Net Assets Attributable to Redeemable Participating Shareholders. Roll-Up Share Classes do not declare or distribute net income and the net asset value therefore reflects net income.



## Notes to the Financial Statements - continued

30 June 2023

### 2. Accounting Policies - continued

#### g) Transaction Costs

Transaction costs are defined as the incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument. When a financial asset or financial liability is recognised initially, an entity shall measure it at its fair value through profit or loss plus, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Transaction costs relating to the brokers commission on the purchase and sale of a financial asset or financial liability, are included in its purchase and sale price. Transaction costs of the Depository or sub-custodian as the case may be are embedded in the relevant fees in the Profit and Loss Account.

### 3. Cash at Bank

Cash at bank balances are comprised of cash balances held within State Street Bank and Trust Company's ("State Street") custodian network\*.

Cash held in U.S. Dollar bank accounts with State Street automatically transfer into the demand deposit account at State Street Bank and Trust New York in the name of State Street Bank and Trust Company - London.

\* Certain cash balances may be held by sub-custodians, as approved and appointed by State Street, in markets where State Street does not operate as a depository.

### 4. Net Gain (Loss) on Investment Activities

The net gains (losses) on investment activities as recognised in the Funds respective Profit and Loss Account comprise solely of the net movement in unrealised gains (losses) since the prior financial year end and net realised gains (losses) on investments during the respective financial year ends.

### 5. Transactions with Related Parties

#### a) Related Parties

Parties are considered to be related if one party has the ability to control the other party or is able to exercise significant influence over the other party, in making financial or operational decisions. The following entities were related parties to the Company during the financial year ended 30 June 2023 and the financial year ended 30 June 2022:

<u>Relation to the Company</u>	<u>Name of entity</u>	<u>Details disclosed in section of this note</u>
Manager .....	Carne Global Fund Managers (Ireland) Limited .....	b), i)
Principal Money Manager .....	Russell Investments Limited .....	b), ii)
Affiliated Investment Managers .....	Affiliated Russell Investments entities .....	b), iii)
Directors of the Company .....	As listed in the Administration of the Company page .....	b), iv)
Related Party Investors and Investees .....	Affiliated Russell Investments entities and Russell Investments managed Irish domiciled funds.....	b), v)

#### b) Related Party Transactions

##### i) Manager and Management Fee

The Company has appointed the Carne Global Fund Managers (Ireland) Limited to act as manager of the Company. The Principal Money Manager is responsible for the general management and administration of the Company's affairs, subject to the overall supervision and control of the Directors. Pursuant to the Principal Money Manager and Advisory Agreement, the Manager has delegated certain investment management functions in respect of each Fund to the Principal Money Manager. The Principal Money Manager also acts as distributor for the Russell Investments Funds. The Manager has appointed the Administrator to act as administrator of the Company.



**Notes to the Financial Statements - continued**

30 June 2023

**5. Transactions with Related Parties - continued**

Carne Global Fund Managers (Ireland) Limited, as Manager is considered a related party to the Company as it is considered to have significant influence over the Company in its role as Manager. Carne Global Financial Services Limited, the parent Company of the Manager, received fees amounting to USD 4,072 during the financial year ended 30 June 2023 (financial year ended 30 June 2022: USD Nil), in respect of fund governance services to the Company, of which USD Nil (financial year ended 30 June 2022: USD Nil) was payable at year end.

**Management Fee**

For services rendered under the management agreement, the fees of the Manager and the Principal Money Manager are paid out of the below management fees which shall be paid out of the assets of each Fund, calculated and accrued daily and payable monthly in arrears, at the following annual rates based on the respective average daily net asset values of each class of shares.

The following management fee rates are effective for the financial year ended 30 June 2023 unless otherwise indicated.

Russell Investments Sterling Liquidity Fund		Russell Investments U.S. Dollar Cash Fund II		Russell Investments Euro Liquidity Fund	
Class B	0.20%	Class B Roll-Up	0.20%	Class B Roll-Up	0.20%
Class R Roll-Up	0.05%	Class C Hybrid	0.10%	Class R Roll-Up	0.05%
Class RP Roll-Up	0.05%	Class D Hybrid	0.20%	Class SW Roll-Up	0.05%
Class SW Roll-Up	0.05%	Class R Roll-Up	0.05%		
		Class SW Roll-Up	0.05%		

Rates for classes of shares not yet funded as at 30 June 2023 are not listed.

**ii) Principal Money Manager**

The Company and the Manager have appointed Russell Investments Limited as Principal Money Manager (the "Principal Money Manager") with discretionary powers pursuant to the Principal Money Manager and Advisory Agreement. The Principal Money Manager fees are paid out of the management fee. The fees payable to the Principal Money Manager for the support services will be paid out of the assets of the Funds. The Principal Money Manager shall discharge all fees payable in its capacity as Distributor or UK Facilities Agent out of its management fee.

**iii) Investment Managers**

Russell Investment Management, LLC, is an affiliated group company to the Principal Money Manager. Russell Investments group company can be appointed as Investment Managers to the Funds.

The appointment of Russell Investments group companies as Investment Manager to the Funds is subject to the same procedures as appointing an external Investment Manager or Investment Adviser and an intercompany agreement and investment guidelines are applied.

The Principal Money Manager shall discharge all fees payable to the Investment Managers out of its Management fee.

**iv) Directors and Directors' Fees**

The Articles of Association provide that the Directors are entitled to a fee by way of remuneration at a rate to be determined from time to time by the Directors. Directors' fees are paid to non-executive Directors not employed by Russell Investments group companies. Directors' fees shall not exceed the limits contained in the prospectus and the Directors are entitled to certain additional expenses as listed in the prospectus. Directors' fees charged during the financial year ended 30 June 2023 were USD 1,434 (financial year ended 30 June 2022: USD 1,351), these amounts are included in other fees in the Combined Profit and Loss Account.

All of the Directors of the Company are also directors of a number of the Russell Investments Funds discussed in section v) of this note.

The following Directors of the Company are employed by Russell Investments group companies: Mr. Peter Gonella, Mr. Neil Jenkins, Mr. John McMurray\*, Mr. Joseph Linhares\*\* and Mr. William Pearce.

## Notes to the Financial Statements - continued

30 June 2023

### 5. Transactions with Related Parties - continued

The Principal Money Manager operates a defined contribution pension plan for its employees which invests in Russell Investments managed funds including the Funds. The pension fund is subject to a management fee rebate. The Directors who are employed by Russell Investments group companies may be indirectly exposed to the Company through the pension scheme.

\*Mr. John McMurray resigned with effect from 1 June 2023.

\*\*Mr. Joseph Linhares resigned with effect from 10 March 2023.

#### v) Related Party Investors and Investees

##### Related Party Shareholders of the Company

During the financial year ended 30 June 2023 and the financial year ended 30 June 2022, certain sub-funds of open-ended investment funds, also managed by the Manager and administered by the Administrator were invested in the Funds. In accordance with Section 33 of FRS 102 these entities are deemed related party shareholders to the Company.

The table below discloses the value of related party shareholders in the Company and the percentage of this value against the Company's combined net asset value as at the respective balance sheet dates.

Related Party Shareholder	30 June 2023 USD '000	Company %	30 June 2022 USD '000	Company %
FP Russell Investments ICVC* .....	30,976	4.00	5,822	0.62
Multi-Style, Multi-Manager Funds plc .....	15,748	2.03	10,528	1.12
OpenWorld plc .....	18,296	2.36	25,559	2.72
Russell Investments Common Contractual Fund plc.....	34,995	4.52	80,535	8.56
Russell Investments Institutional Funds plc.....	5,181	0.67	14,318	1.52
Russell Investment Company plc.....	287,271	37.07	269,520	28.66
Russell Investment Company II plc .....	91,268	11.78	111,492	11.85
Russell Investment Company V plc .....	80,132	10.34	53,581	5.70
Russell Investments Qualifying Investor Alternative Funds plc .....	27,583	3.56	24,627	2.62
Russell Investments Qualifying Investor Real Estate Common Contractual Fund.....	13,505	1.74	10,903	1.16
Russell Investments Qualifying Investor Real Estate Securities Common Contractual Fund .....	12,003	1.55	-	-

\* Carne Global Fund Managers (Ireland) Limited does not act as the Manager of this entity.

### 6. Significant Agreements

#### (i) Depository

State Street Custodial Services (Ireland) Limited is the Company's depository (the "Depository"). The Depository has appointed its parent, State Street Bank and Trust Company, as its global sub-custodian who in turn has appointed a network of local sub-custodial agents. The sub-custodian fees are paid at annual rates based on the total assets held in each individual country in which the Funds invest plus applicable transaction charges. In line with the UCITS V Regulations, the Depository also provides depository services.

Depository fees accrue daily and are payable monthly in arrears.

#### (ii) Administrator and Transfer Agency

State Street Fund Services (Ireland) Limited is the Company's administrator (the "Administrator"). The Administrator is responsible for the daily determination of net asset value, maintaining the books and records of the Funds in respect of the Company and other administrative services. The Manager has also appointed the Administrator as the Company's transfer agent.

Such fees accrue daily and are paid monthly in arrears. The Company shall discharge reasonable out of pocket expenses payable to the Administrator out of the Funds' assets.

## Notes to the Financial Statements - continued

30 June 2023

### 6. Significant Agreements - continued

The Administrator is also entitled to unitholder services fees as disclosed in the administration agreement and reporting services fees of USD 7,000 per Fund per annum.

Transfer agency fees are charged based on the number of Funds in the umbrella structure, the number of shareholders, number of statements issued, number of share classes and volume of shareholder transactions in a period and are subject to adequate thresholds. Transfer agency fees are charged and paid on a monthly basis and are recognised within Administration and transfer agency fees in the Profit and Loss Account for each Fund.

The depositary and administration fees disclosed in the Profit and Loss Account include minimum fees. If the total of the minimum fees is in excess of the combined administration and depositary percentage charges, the share class fee, the reporting service fee and the shareholder service fee, after the deduction of any discount, then this minimum will apply. The minimum fee for new Funds will be waived for one year from the launch of the new Fund.

The aggregate of the administration and depositary fees per Fund will not exceed 0.50 per cent of the Net Asset Value of any Fund.

#### (iii) Transaction Costs

Transaction costs relating to the broker commission on the purchase and sale of bonds and equities, are included in the purchase and sale price of the investment.

Investments are initially recognised at fair value and transaction costs for all financial assets and financial liabilities carried at fair value through profit or loss are expensed as incurred.

Total transaction costs, incorporating broker commissions and transaction costs of the Depositary and sub-custodians, are as follows:

Fund	Functional Currency	Year ended 30 June 2023 ‘000	Year ended 30 June 2022 ‘000
Russell Investments Sterling Liquidity Fund.....	GBP	8	13
Russell Investments U.S. Dollar Cash Fund II.....	USD	13	15
Russell Investments Euro Liquidity Fund.....	EUR	10	10

#### (iv) Auditors' Remuneration

The remuneration for all work carried out by the statutory audit firm in respect of the financial year under review and prior financial year is as follows:

	2023 USD '000	2022 USD '000
Statutory audit of accounts* .....	29	43
Tax advisory services** .....	7	7
Total .....	36	50

\* The fees for statutory audit of the accounts disclosed in the table above are exclusive of VAT. The audit fees recognised in the Profit and Loss Account are inclusive of VAT.

\*\* Exclusive of VAT.

There were no fees for other assurance services or other non-audit services during the financial year ended 30 June 2023 (financial year ended 30 June 2022: Nil).

### 7. Soft Commissions, Directed Brokerage Services and Commission Recapture

There were no soft commission arrangements or directed brokerage service transactions in place during the financial year or prior financial year under review.

There were no fees for directed brokerage services during the financial year ended 30 June 2023 (financial year ended 30 June 2022: Nil).

## Notes to the Financial Statements - continued

30 June 2023

### 8. Distributions

Four types of share classes may be issued by the Funds, namely Income Class Shares, Accumulation Class Shares, Hybrid Accumulation Class Shares and Roll-Up Class Shares. Income Class Shares distribute net income from time to time subject to Directors' discretion on the Distribution Date. There were no Income Class Shares in issue on the Funds during the current or prior financial year.

Accumulation Class Shares are shares that declare a distribution but whose net income is then re-invested in the capital of the relevant Fund on the Distribution Date, thereby increasing the Net Asset Value per Share for an Accumulation Class Share relative to an Income Class Share. Hybrid Accumulation Class Shares are shares that declare a distribution and then distribute a portion of such net income, 10 per cent of which is paid out to Shareholders as an income distribution from time to time, subject to Directors' discretion, on a distribution date, with the balance being reinvested in the capital of the relevant Fund, thereby increasing the Net Asset Value per Share for a Hybrid Accumulation Class Share relative to an income share class. The distributions in respect of Hybrid Accumulation Class Shares are calculated and declared on an annual basis with ex-date 30 June each year. Roll-Up Class Shares do not declare or distribute net income and their Net Asset Value reflects net income.

Net income includes all interest, dividends and other amounts deemed by the Principal Money Manager to be in the nature of income less the estimated expenses of that Fund applicable to that dividend period.

Provided there is sufficient net income available, distributions are declared on each dealing day and paid out monthly.

### 9. Taxation

Under current law and practice the Company qualifies as an investment undertaking as defined in Section 739B of the Taxes Consolidation Act, 1997, as amended (the "TCA"). On that basis, it is not chargeable to Irish tax on its income or gains.

However, Irish tax may arise on the occurrence of a "chargeable event". A chargeable event includes any distribution payments to shareholders or any encashment, redemption, transfer or cancellation of shares and any deemed disposal of shares for Irish tax purposes arising as a result of holding shares in the Company for a period of eight years or more.

No Irish tax will arise in respect of chargeable events in respect of a shareholder who is an Exempt Irish Investor (as defined in Section 739D of the TCA) or who is neither Irish resident nor ordinarily resident in Ireland for tax purposes at the time of the chargeable event, provided, in each case, that an appropriate valid declaration in accordance with Schedule 2B of the TCA is held by the Company and the Company is not in possession of any information which would reasonably suggest that the information contained therein is no longer materially correct or where the Company has been authorised by Irish Revenue to make gross payments in absence of appropriate declarations.

Distributions, interest and capital gains (if any) received on investments made by the Company may be subject to taxes imposed by the country of origin and such taxes may not be recoverable by the Company or its shareholders.

### 10. Number of Shares in Issue and Net Assets Attributable to Redeemable Participating Shareholders

#### a) Authorised Share Capital

The initial share capital of the Company was 39,000 subscriber shares of no par value. All but 2 of the subscriber shares have been redeemed by the Company. The Company may issue up to 500 billion participating shares of no par value. Subscriber shares do not form part of the net asset value of the Company. They are disclosed in the financial statements by way of this note only.

Holders of subscriber shares are not entitled to dividends or any surplus of assets over liabilities upon the winding up of the Company. The subscriber shares are held by Russell Investments.

#### b) Redeemable Participating Shares

Each of the shares entitles the holder to participate equally on a pro rata basis in the profits and dividends of the relevant Fund attributable to such shares and to attend and vote at meetings of the Company and of the Fund represented by those shares. No class of shares confers on the holder thereof any preferential or pre-emptive rights or any rights to participate in the profits and dividends of any other class of shares or any voting rights in relation to matters relating solely to any other class of shares. However, in a relatively illiquid market, a Fund may not be able to dispose of its investments quickly and as

Notes to the Financial Statements - continued

30 June 2023

10. Number of Shares in Issue and Net Assets Attributable to Redeemable Participating Shareholders - continued

such a Fund may experience adverse price movements upon liquidation of its investments. Settlement of transactions may be subject to delay and administrative uncertainties and the price repaid to the shareholders in such circumstances will not equal the final published net asset value per share.

Each share represents an individual beneficial interest in the Company. The shares are not debt obligations or guaranteed by the Company. The return on an investment in the Company will depend solely upon the investment performance of the assets in the Company and the increase or decrease (as the case may be) in the net asset value of the shares. The amount payable to a shareholder in respect of each share upon liquidation of the Company or a Fund will equal the net asset value per share.

Net assets attributable to shareholders represent a liability on the balance sheet, carried at the redemption amount that would be payable at the balance sheet date if the shareholder exercised the right to redeem the shares in the Company.

Participating Share Transactions

All cash amounts are in the functional currency of the relevant Fund not the currency of the class.

Russell Investments Sterling Liquidity Fund

Number of Shares in issue

Share Class	Financial year ended 30 June 2022				Financial year ended 30 June 2023			
	Beginning of year	Shares Issued	Shares Redeemed	End of year	Beginning of year	Shares Issued	Shares Redeemed	End of year
Class B .....	3,125	35	(280)	2,880	2,880	-	(561)	2,319
Class R								
Roll-Up .....	196,838	406,259	(379,697)	223,400	223,400	226,510	(350,409)	99,501
Class RP								
Roll-Up .....	-	-	-	-	-	1	-	1
Class SW								
Roll-Up .....	-	-	-	-	-	55,164	(50,042)	5,122

Value of Share Transactions

Share Class	Financial year ended 30 June 2022		Financial year ended 30 June 2023	
	Subscriptions GBP '000	Redemptions GBP '000	Subscriptions GBP '000	Redemptions GBP '000
Class B .....		48		(376)
Class R				
Roll-Up .....		414,642		(387,554)
Class RP				
Roll-Up .....		-		-
Class SW				
Roll-Up .....		-		-

Russell Investments U.S. Dollar Cash Fund II

Number of Shares in issue

Share Class	Financial year ended 30 June 2022				Financial year ended 30 June 2023			
	Beginning of year	Shares Issued	Shares Redeemed	End of year	Beginning of year	Shares Issued	Shares Redeemed	End of year
Class B								
Roll-Up .....	32,371	12,722	(22,161)	22,932	22,932	14,547	(15,286)	22,193
Class C Hybrid.	8,688	50,641	(36,887)	22,442	22,442	4,336	(26,778)	-
Class D Hybrid.	2,909	-	(13)	2,896	2,896	4,920	(5,189)	2,627
Class E Hybrid.	2,548	-	(2,548)	-	-	-	-	-
Class R								
Roll-Up .....	570,928	6,324,851	(6,431,936)	463,843	463,843	2,119,264	(2,534,797)	48,310

Notes to the Financial Statements - continued

30 June 2023

10. Number of Shares in Issue and Net Assets Attributable to Redeemable Participating Shareholders - continued

Share Class	Financial year ended 30 June 2022				Financial year ended 30 June 2023			
	Beginning of year	Shares Issued	Shares Redeemed	End of year	Beginning of year	Shares Issued	Shares Redeemed	End of year
Class SW Roll-Up .....	-	-	-	-	-	3,286,457	(2,856,728)	429,729

Value of Share Transactions

Share Class	Financial year ended 30 June 2022		Financial year ended 30 June 2023	
	Subscriptions USD '000	Redemptions USD '000	Subscriptions USD '000	Redemptions USD '000
Class B Roll-Up .....		13,414	15,569	(16,373)
Class C Hybrid.	51,531		4,419	(27,478)
Class D Hybrid.	-		5,068	(5,303)
Class E Hybrid.	-	(2,596)	-	-
Class R Roll-Up .....	6,737,171	(6,851,261)	2,269,601	(2,715,330)
Class SW Roll-Up .....	-	-	3,326,167	(2,895,815)

Russell Investments Euro Liquidity Fund

Number of Shares in issue

Share Class	Financial year ended 30 June 2022				Financial year ended 30 June 2023			
	Beginning of year	Shares Issued	Shares Redeemed	End of year	Beginning of year	Shares Issued	Shares Redeemed	End of year
Class B Roll-Up .....	7,737	1,564	(3,381)	5,920	5,920	9,621	(2,199)	13,342
Class R Roll-Up .....	118,877	727,182	(739,402)	106,657	106,657	337,257	(405,780)	38,134
Class SW Roll-Up .....	-	-	-	-	-	480,541	(432,591)	47,950

Value of Share Transactions

Share Class	Financial year ended 30 June 2022		Financial year ended 30 June 2023	
	Subscriptions EUR '000	Redemptions EUR '000	Subscriptions EUR '000	Redemptions EUR '000
Class B Roll-Up .....		1,508	9,256	(2,117)
Class R Roll-Up .....	704,699		325,498	(391,684)
Class SW Roll-Up .....	-	-	482,407	(434,616)

c) Significant Shareholders

The following table details the number of shareholders with significant holdings of at least 20 per cent of the relevant Fund's net asset value, the aggregate monetary value and percentage (of that Fund's net asset value) of that holding as at 30 June 2023.

Fund	Number of Significant Shareholders	Value of Holding '000	Aggregate Shareholding as a % of the Fund
Russell Investments Sterling Liquidity Fund.....	1	GBP 65,258	57.64

## Notes to the Financial Statements - continued

30 June 2023

### 10. Number of Shares in Issue and Net Assets Attributable to Redeemable Participating Shareholders - continued

The following table details the number of shareholders with significant holdings of at least 20 per cent of the relevant Fund's net asset value, the aggregate monetary value and percentage (of that Fund's net asset value) of that holding as at 30 June 2022.

<u>Fund</u>	<u>Number of Significant Shareholders</u>	<u>Value of Holding '000</u>	<u>Aggregate Shareholding as a % of the Fund</u>
Russell Investments Sterling Liquidity Fund.....	1	GBP 175,523	75.55

### 11. Efficient Portfolio Management

The Company may enter into securities lending arrangements and repurchase agreements (together "Efficient Portfolio Management Techniques") and may invest in over-the-counter financial derivative instruments ("OTC FDIs"), subject to the restrictions set forth in the prospectus and to the extent consistent with the Fund's investment objective and policies.

The use of techniques and instruments relating to transferable securities, money market instruments and/or other financial instruments in which the Funds invest for efficient portfolio management purposes will generally be made for one or more of the following reasons:

- i) the reduction of risk;
- ii) the reduction of cost; or
- iii) the generation of additional capital or income for the relevant Fund with an appropriate level of risk, taking into account the risk profile of the Fund and the risk diversification rules set out in the UCITS Regulations issued by the Central Bank.

Such direct and indirect operational costs and fees, (which are fully transparent) which shall not include hidden revenue, shall include fees and expenses payable to repurchase/reverse repurchase agreements counterparties and/or securities lending agents engaged by the Company from time to time. Such fees and expenses of any repurchase/reverse repurchase agreements counterparties and/or stocklending agents engaged by the Company, which will be at normal commercial rates together with VAT, if any, thereon, will be borne by the Company or the Fund in respect of which the relevant party has been engaged.

All the revenues arising from Efficient Portfolio Management Techniques employed shall be returned to the relevant Fund following the deduction of any direct and indirect operational costs and fees arising.

The Principal Money Manager on behalf of a Fund may employ techniques and instruments relating to transferable securities, money market instruments and/or other financial instruments in which they invest for efficient portfolio management purposes. At any time a Fund may hold a combination of derivative instruments such as futures, forward contracts, options, swaps, swaptions, forward foreign exchange contracts, caps, floors and credit derivatives, any of which may be listed or over-the-counter.

None of the Funds entered into any financial derivative instruments, security lending arrangements or repurchase agreements during the financial years ended 30 June 2023 or 30 June 2022.

### 12. Financial Risks

The activities of each Fund expose them to various financial risks such as market risk (including market price risk, interest rate risk, and currency risk), credit risk and liquidity risk. The portfolio management process seeks to manage risk in a manner consistent with each Fund's objectives.

The main risks arising from the Funds' strategies can be summarised as follows:

#### a) Global Exposure

The Funds will use advanced risk measurement methodology (Value at Risk) as a risk measurement technique, in addition to other techniques, to measure, monitor and manage market risk. The absolute or relative VaR approach will be executed in accordance with CESR 10/788 guidance. Value at Risk quantifies the estimate of the maximum potential loss due to market risk at a given confidence level over a specified time period under the prevailing market conditions.



Notes to the Financial Statements - continued

30 June 2023

12. Financial Risks - continued

VaR is a model-based estimate. As with any model-derived figure, it is subject to imprecision due to such factors as data and measurement errors and model risk. The calculation of VaR is based on daily unaudited accounting book of record position data. In addition, VaR assumes that future asset return distributions and correlations remain stable and consistent with the prevailing market conditions. The Funds utilize additional measures such as stress testing analysis and exposure measurement to provide a holistic view to the Funds’ market risk that includes tail risk and derivative exposure quantification. Furthermore, accuracy of the VaR models is regularly checked via out-of-time/out-of-sample backtesting.

VaR is calculated with Monte Carlo simulations approach (1000 paths) using granular market risk models. The approach estimates VaR by simulating random scenarios for each relevant pricing inputs (e.g., specific equity, commodity prices, foreign exchange and interest rates, implied volatility, etc.) used in valuing securities held in the portfolio and revaluing the positions for each of the paths generated for pricing inputs. For Funds using the absolute VaR approach, the VaR of the Fund shall not exceed 3.16 per cent of the Net Asset Value of the Fund, based on a 1 day holding period and a “one-tailed” 95 per cent confidence interval using observation period of at least 1 year. For Funds using the relative VaR approach, the VaR of the Fund shall not exceed twice that of the VaR of the reference portfolio based on a 1 day holding period and a “one-tailed” 95 per cent confidence interval using historical observation period of at least 1 year. A Fund VaR of 1% means that there is a 5% chance that the Fund will lose more than 1% of its value over any given day, assuming that the prevailing market conditions continue into the future.

The below table details the VaR approach for each fund and for those funds utilizing the relative VaR methodology, the reference portfolio is also listed.

Global Exposure Calculation Methodology and VaR as at the financial year end

Fund Name	Approach	Reference Portfolio	Var as at 30 June 2023	Var as at 30 June 2022
Russell Investments Sterling Liquidity Fund .....	Commitment	N/A	N/A	N/A
Russell Investments U.S. Dollar Cash Fund II .....	Commitment	N/A	N/A	N/A
Russell Investments Euro Liquidity Fund .....	Commitment	N/A	N/A	N/A

VaR utilization measures the Fund’s VaR relative to the Fund’s VaR limit. The below table details the minimum, maximum and average daily VaR utilization that occurred during the one year period ending at 30 Jun 2023.

Daily VaR Utilisation \*

Fund Name	Minimum	30 June 2023			30 June 2022		
		Maximum	Average	Minimum	Maximum	Average	
Russell Investments Sterling Liquidity Fund .....	N/A	N/A	N/A	N/A	N/A	N/A	
Russell Investments U.S. Dollar Cash Fund II ....	N/A	N/A	N/A	N/A	N/A	N/A	
Russell Investments Euro Liquidity Fund .....	N/A	N/A	N/A	N/A	N/A	N/A	

\* Absolute VaR Limit Utilisation = VaR (95% CI, 1 day) / 3.16%

Relative VaR Limit Utilisation = [Fund VaR / Benchmark VaR] - 1

Utilisation >100% equates to breaking the limit

The Daily VaR Utilisation calculation excludes VaR values occurring during Fund opening or closing due to accounting and timing issues.

The below table details the Fund’s VaR relative to the Fund’s VaR limit at the financial year end 30 June 2023 and 30 Jun 2022.

VaR Utilisation

Fund Name	Year ended 30 June 2023	Year ended 30 June 2022
	Level	Level
Russell Investments Sterling Liquidity Fund .....	N/A	N/A
Russell Investments U.S. Dollar Cash Fund II .....	N/A	N/A
Russell Investments Euro Liquidity Fund .....	N/A	N/A

The average level of leverage figures provided below are calculated as the sum of the absolute value of notionals of the derivatives used as is required by the Regulations. This figure does not take into account any netting and hedging arrangements that the Funds may have in place at any time even though these netting and hedging arrangements are used for



## Notes to the Financial Statements - continued

30 June 2023

### 12. Financial Risks - continued

risk reduction purposes. As these netting and hedging arrangements, if taken into account, may reduce the level of leverage, this calculation may not provide an accurate measure of the Funds' actual leverage position. Below is the daily average level of leverage for each Fund during the one year period ending at 30 Jun 2023.

Level of Leverage*		
Fund Name	Daily Average Leverage 30 June 2023	Daily Average Leverage 30 June 2022
Russell Investments Sterling Liquidity Fund.....	5.2%	0.0%
Russell Investments U.S. Dollar Cash Fund II.....	2.4%	0.0%
Russell Investments Euro Liquidity Fund.....	5.1%	0.0%

\* The Daily Average Leverage calculation excludes distorted daily leverage values occurring during fund opening or closing due to accounting and timing issues.

#### b) Market Price Risk

Market price risk is defined in FRS 102 as the risk that the fair value of a financial instrument or its future cash flows will fluctuate because of changes in market prices other than those caused by interest rate risk or currency risk.

The majority of each Fund's financial assets and liabilities are short-term bonds and notes, as further described in the interest rate risk section. As a result, the Funds are not subject to significant amounts of market risk due to fluctuations in the prevailing levels of market prices (other than those arising from interest rate risk and currency risk), whether those changes are caused by factors specific to individual financial instruments or its issuer, or other factors affecting similar financial instruments traded in the market.

All investments present a risk of loss of capital. The Funds' investments are susceptible to market risk arising from uncertainties about future prices of the instruments. Except for derivatives, maximum risk resulting from financial instruments is determined by fair value of the financial instruments. Possible losses from certain derivatives can be unlimited.

The market prices of a Fund's securities may go up or down, sometimes rapidly or unpredictably, due to general market conditions, such as overall economic trends or events, government actions or interventions, market disruptions caused by trade disputes or other factors, political factors or adverse investor sentiment. Such events include the global increases in interest rates and the Russian invasion of Ukraine, the duration and full effects of which are still uncertain. The market prices of securities also may go down due to events or conditions that affect particular sectors, industries or issuers. Adverse market conditions may be prolonged and may not have the same impact on all types of securities. If the market prices of the securities owned by the Fund fall, the value of an investment will go down. A Fund may experience a substantial or complete loss on any individual security.

#### i) Fair valuation hierarchy

FRS 102 Section 11.27 on "Fair Value: Disclosure" requires the Company to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements.

The fair value hierarchy of inputs is summarised in the three broad levels listed below.

- **Level 1:** Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- **Level 2:** Inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (that is, as prices) or indirectly (that is, derived from prices).
- **Level 3:** Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

## Notes to the Financial Statements - continued

30 June 2023

### 12. Financial Risks - continued

No significant transfers occurred between the levels during the financial year and prior financial year under review.

The determination of what constitutes “observable” requires significant judgement by the Directors. The Directors consider observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

Investments whose values are based on quoted market prices in active markets are classified within Level 1. None of the Funds held Level 1 securities as of 30 June 2023 or 30 June 2022.

Financial instruments that trade in markets that are not considered to be active but and therefore valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2. These include stale priced listed equities, certain fixed income investments, bonds, investment funds, bank loans and OTC FDIs.

Investments classified within Level 3 have significant unobservable inputs, as they trade infrequently. Level 3 securities are securities that may be priced by a single pricing vendor or may have prolonged stale prices or may have no valid market information (indications or comparable security types) available. None of the Funds held Level 3 securities as of 30 June 2023 or 30 June 2022.

Please refer to the base of each Fund’s Schedule of Investments for analysis, within the fair value hierarchy, of each Fund’s financial assets and liabilities (by investment type) measured at fair value at 30 June 2023 and 30 June 2022.

#### c) Interest Rate Risk

The Funds’ interest bearing financial assets and liabilities expose it to risks associated with the effects of fluctuations in the prevailing level of interest rates. The Principal Money Manager monitors each Fund’s characteristics, including interest rate sensitivity in detail on a daily basis. This review may include as appropriate a review of country allocations, country weights, distribution, industry sector weights, currency exposure, portfolio maturity, portfolio duration, sector exposure and quality exposure and other key risk measures.

As at 30 June 2023 and 30 June 2022, substantially all of the financial assets and liabilities of these Funds have a very short time to maturity. As a result, the Funds are not subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates.

#### d) Currency Risk

The Funds may hold assets and liabilities denominated in currencies other than the functional currency of the Fund. They are therefore exposed to currency risk, as the value of the securities denominated in other currencies will fluctuate due to changes in exchange rates. A Fund may utilise financial instruments to hedge against fluctuations in the relative values of their portfolio positions in addition to making active currency selections.

No Fund had monetary assets or liabilities with material monetary foreign currency exposures as at 30 June 2023 or 30 June 2022.

#### e) Credit Risk

The Funds take on credit risk, which is the risk that a counterparty or issuer will be unable to pay amounts in full when due. Impairment provisions are provided for losses that have been incurred by the balance sheet date, if any.

The Funds’ main credit risk concentrations arise from trading interest bearing securities in addition to cash balances and investments held at the Depositary.

The Funds minimise concentrations of credit risk by undertaking transactions with a large number of issuers. The Company’s prospectus and the UCITS Regulations list various investment restrictions with regard to issuer and counterparty concentration limits and minimum counterparty credit ratings.

The Principal Money Manager employs a credit research team that performs robust quantitative and qualitative analysis on banks, insurance companies, and other counterparties. The credit research analyst assigned to a particular counterparty will perform a full credit analysis and will write a credit research report and will subsequently set investment parameters on issuer exposures and OTC counterparty exposures where appropriate.

## Notes to the Financial Statements - continued

30 June 2023

### 12. Financial Risks - continued

As at 30 June 2023 and 30 June 2022, all investments held by the Funds were rated Investment Grade. All securities and cash at bank balances received by the Funds are held by the Depository through its affiliate, State Street or through a subcustodian within the State Street custodial network. Bankruptcy or insolvency of the Depository or a State Street affiliate company may cause the Company's rights with respect to cash and securities held by State Street to be delayed or limited and the Company would be treated as a general creditor of that entity in respect of its cash balances. Periodic monitoring and an annual credit review are performed on the Depository by the Principal Money Manager. This review may include as appropriate an assessment of the Depository's liquidity position, income streams, asset quality and credit ratings. The long term credit rating of State Street as of 30 June 2023 was Aa2 (30 June 2022: Aa2) as rated by Moody's rating agency.

#### f) Liquidity Risk

The liquidity risks associated with the need to meet shareholders' requests for redemptions are mitigated by maintaining a pool of cash to satisfy usual levels of demand. All Funds offer daily redemptions. Generally, the Funds' assets are comprised of investments that are traded in a liquid market and can be readily realised. In highly volatile market conditions, the Funds may not easily liquidate assets needed for redemption or settlement. In such conditions, the Principal Money Manager may adopt a number of liquidity management tools, as detailed in the Company's prospectus, such as restrictions on redemptions, borrowing arrangements on a temporary basis, in-specie redemption and temporary suspension of valuation, issue and repurchase of shares.

The Manager, in consultation with the Principal Money Manager, employs an appropriate liquidity management system and has adopted procedures which enable it to monitor the liquidity risk of the Company and each Fund. The liquidity management system ensures that each Fund maintains a level of liquidity appropriate to its underlying obligations based on an assessment of the relative liquidity of the Fund's assets in the market, taking account of the time required for liquidation and the price or value at which those assets can be liquidated and their sensitivity to other market risks or factors. The Manager, in consultation with the Principal Money Manager, monitors the liquidity profile of the portfolio of assets having regard to the profile of the investor base of the Fund, the relative size of investments and the repurchase terms to which these investments are subject. The Manager, in consultation with the Principal Money Manager (and affiliates), implements and maintains appropriate liquidity measurement arrangements and procedures to assess the quantitative and qualitative risks of positions and intended investments which have a material impact on the liquidity profile of the Fund's portfolio of assets. This enables effects on the overall liquidity profile to be appropriately measured and to put into effect the tools and arrangements necessary to manage the liquidity of the Company.

As at 30 June 2023 and 30 June 2022 substantially, all of the Funds' liabilities including net assets attributable to redeemable participating shareholders, are payable within three months.

The Funds' Investment Managers monitor their liquidity positions on a daily basis. The Adviser monitors the portfolio characteristics of each Fund (such as daily cash balances, average maturity, duration and other key measures as appropriate) in detail with the Investment Managers at least quarterly and in some cases monthly. The Adviser also reviews each Fund's portfolio characteristics in its entirety.

### 13. Exchange Rates

Where applicable, the Administrator used the exchange rates listed below to translate foreign currency amounts, market value of investments and other assets and liabilities into U.S. Dollars at the following rates for each USD 1.

30 June 2023			30 June 2022		
British Pound	GBP	0.7866	British Pound	GBP	0.8234
Euro	EUR	0.9166	Euro	EUR	0.9565

The Administrator used the average exchange rates for each reporting period as listed below to translate into U.S. Dollars the Profit and Loss Account and Statement of Changes in Net Assets Attributable to Redeemable Participating Shareholders of those Funds not prepared in U.S. Dollars in preparing the Company's Combined Profit and Loss Account and the Combined Statement of Changes in Net Assets Attributable to Redeemable Participating Shareholders at the following rates for each USD 1.

Year ended 30 June 2023			Year ended 30 June 2022		
British Pound	GBP	0.8289	British Pound	GBP	0.7522

Notes to the Financial Statements - continued

30 June 2023

13. Exchange Rates - continued

Year ended 30 June 2023			Year ended 30 June 2022		
Euro	EUR	0.9552	Euro	EUR	0.8881

14. Comparative Dealing Net Assets

Russell Investments Sterling Liquidity Fund

	Class B Roll-Up GBP '000	Class R Roll-Up GBP '000	Class RP Roll-Up GBP '000	Class SW Roll-Up GBP '000
Total net asset value .....				
30 June 2023 .....	3,201	104,765	1	5,245
30 June 2022 .....	3,867	228,450	-	-
30 June 2021 .....	4,194	200,885	-	-

	Class B Roll-Up GBP	Class R Roll-Up GBP	Class RP Roll-Up GBP	Class SW Roll-Up GBP
Net asset value per share .....				
30 June 2023 .....	1,380.56	1,052.90	1,025.42	1,024.03
30 June 2022 .....	1,342.86	1,022.60	-	-
30 June 2021 .....	1,342.18	1,020.56	-	-

Russell Investments U.S. Dollar Cash Fund II

	Class B Roll-Up USD '000	Class C Hybrid USD '000	Class D Hybrid USD '000	Class E Hybrid USD '000	Class R Roll-Up USD '000	Class SW Roll-Up USD '000
Total net asset value .....						
30 June 2023 .....	24,260	-	2,766	-	53,469	442,590
30 June 2022 .....	24,196	22,861	2,942	-	494,766	-
30 June 2021 .....	34,156	8,843	2,956	2,596	608,115	-

	Class B Roll-Up USD	Class C Hybrid USD	Class D Hybrid USD	Class E Hybrid USD	Class R Roll-Up USD	Class SW Roll-Up USD
Net asset value per share .....						
30 June 2023 .....	1,093.14	-	1,052.76	-	1,106.80	1,029.93
30 June 2022 .....	1,055.10	1,018.66	1,016.06	-	1,066.67	-
30 June 2021 .....	1,055.16	1,017.79	1,016.13	1,019.16	1,065.13	-

Russell Investments Euro Liquidity Fund

	Class B Roll-Up EUR '000	Class R Roll-Up EUR '000	Class SW Roll-Up EUR '000
Total net asset value .....			
30 June 2023 .....	12,929	37,320	48,620
30 June 2022 .....	5,669	103,000	-
30 June 2021 .....	7,476	115,660	-

	Class B Roll-Up EUR	Class R Roll-Up EUR	Class SW Roll-Up EUR
Net asset value per share .....			
30 June 2023 .....	969.06	978.66	1,013.97
30 June 2022 .....	957.68	965.70	-
30 June 2021 .....	966.30	972.93	-

## Notes to the Financial Statements - continued

30 June 2023

### 15. Segregated Liability

Each Fund will be responsible for paying its fees and expenses regardless of the level of its profitability. The Company has availed of the segregated liability provisions of the Companies Act. The adoption of segregated liability ensures that liability incurred on behalf of a Fund will generally be discharged solely out of the assets of that Fund and there can generally be no recourse to other Funds to satisfy these liabilities. Notwithstanding the foregoing there can be no guarantee that should an action be brought against the Company in the court of another jurisdiction that the segregated nature of the Funds would necessarily be upheld.

### 16. Significant Events During the Financial Year

Following Russia's invasion of Ukraine on 24 February 2022, various countries around the world imposed sanctions and restrictions on the Russian state, Russian companies and individuals linked to Russia. Subsequently, the Russell Investments Securities Valuations Committee (SVC) approved a number of fair valuations across the Funds with Russian exposure. The SVC approved zero pricing for all equities settled in Russia, Russian American depositary receipts (ADR), Russian Global depositary receipts (GDR) and Rouble denominated debt. Russell Investments is actively monitoring and continues to manage the Funds' assets within the investment and risk parameters that have been established. As this is a fluid situation, the Directors will continue to monitor developments in the region to assess any shifts in the geopolitical environment.

The Principal Money Manager is fully complying with the wide range of sanctions that have been imposed globally and remains in compliance as these sanctions evolve.

The Principal Money Manager has actively been monitoring market exposure including liquidity and price risk for the Funds with exposure to Russia, Ukraine and Belarus. The Principal Money Manager continues to manage the Funds' assets within the investment and risk parameters that have been established. As this is a fluid situation, the Directors will continue to monitor developments in the region to assess any shifts in the geopolitical environment.

Mr. Joseph Linhares resigned with effect from 10 March 2023.

Mr. James Firn resigned with effect from 31 March 2023.

Mr. John McMurray resigned with effect from 1 June 2023.

Mr. William Roberts was appointed as Chairman with effect from 21 June 2023.

There have been no other significant events affecting the Company during the financial year end 30 June 2023, however the following prospectus updates were made.

The prospectus was updated on 1 November 2022 for the following:

- Incorporation of the addendum to the prospectus, dated 10 December 2021 and 15 September 2022.
- To remove a definitive time by which the Net Asset Value per Shares is calculated;
- To reflect amendments to the subscription and repurchase process, including to clarify that: (i) in the case of the Class SW Roll-Up Shares subscription and repurchases will only be processed on a cash deal basis (i.e. the number of shares to be subscribed or repurchased must be set out); and (ii) to expressly provide for the settlement point for the SW Roll-Up Shares;
- To reflect the change of valuation point in respect of the Russell Investments Euro Cash Collateral Fund
- Minor miscellaneous tidy-up amendments have also been included to reflect the passage of time, namely:
  - i) updates to the composition of the board of Manager and biographical updates for the directors;
  - ii) the rebranding of certain Bloomberg indices;
  - iii) updates to the AML disclosure.

The prospectus was updated on 24 March 2023 for the following:

- To reflect the introduction of the PRIIPs Regulation.
- To reflect the changes to the distribution strategy of the Hybrid Accumulation share classes.
- Updates to the composition of the board of the Company and the Manager, and updates to the Material Contracts.

## Notes to the Financial Statements - continued

30 June 2023

### 16. Significant Events During the Financial Year - continued

Second Addendum to the Prospectus dated 15 September 2022 to amend the Prospectus, providing for the addition of the following new share classes:

<b>Fund</b>	<b>Share Class</b>
Russell Investments Sterling Liquidity Fund	Class SW Roll-Up Class RP Roll-Up
Russell Investments U.S. Dollar Cash Fund II	Class SW Roll-Up
Russell Investments Euro Liquidity Fund	Class SW Roll-Up

Regulation (EU) No. 1286/2014 of the European Parliament and of the Council on key information documents for packaged retail and insurance-based investment products (PRIIPs) (the "PRIIPs Regulation") came into effect on 1 January 2023.

### 17. Significant Events Since the Financial Year End

There have been no significant events affecting the Company since the financial year end 30 June 2023.

### 18. Approval of the Financial Statements

The financial statements were approved by the Directors on 12 October 2023.

## **Appendix 1 - Remuneration (unaudited)**

### **Remuneration of the Company's Directors**

Regulation 89(3A) of the UCITS Regulations (as introduced pursuant to the UCITS V Regulations on 21 March 2016) requires that the annual report of the Company contains certain disclosures on remuneration paid by the Manager to its staff during the financial year and details of any material changes to the Manager's remuneration policy made during the period, and this requirement applied as of 18 March 2016. In this regard, the following points are to be noted in respect of Carne Global Fund Managers (Ireland) Limited, the Manager since 1 October 2021, the date of its appointment.

### **Carne Global Fund Managers (Ireland) Limited**

For the financial year ended 30 June 2023.

The European Union Directive 2014/91/EU as implemented in Ireland by S.I. No. 143/2016 - European Union (Undertakings for Collective Investment in Transferable Securities) (Amendment) Regulations 2016, requires management companies to establish and apply remuneration policies and practices that promote sound and effective risk management, and do not encourage risk taking which is inconsistent with the risk profile of the UCITS.

To that effect, Carne Global Fund Managers (Ireland) Limited ("the Manager"), has implemented a remuneration policy that applies to all UCITS for which the Manager acts as manager (the "Remuneration Policy") and covers all staff whose professional activities have a material impact on the risk profile of the Manager or the UCITS it manages ("Identified Staff of the Manager"). The Remuneration Policy also applies to all alternative investment funds for which the Manager acts as alternative investment fund manager. In accordance with the Remuneration Policy, all remuneration paid to Identified Staff of the Manager can be divided into:

- Fixed remuneration (payments or benefits without consideration of any performance criteria); and
- Variable remuneration (additional payments or benefits depending on performance or, in certain cases, other contractual criteria) which is not based on the performance of the UCITS.

The Manager has designated the following persons as Identified Staff of the Manager:

1. The Designated Persons;
2. Each of the Manager's directors;
3. Head of Compliance;
4. Risk Officer;
5. Head of Anti-Money Laundering and Counter Terrorist Financing Compliance;
6. Money Laundering Reporting Officer;
7. Chief Executive Officer;
8. Chief Operating Officer; and
9. All members of the investment committee.

The Manager has a business model, policies, and procedures which by their nature do not promote excessive risk taking and take account of the nature, scale, and complexity of the Manager and the UCITS. The Remuneration Policy is designed to discourage risk taking that is inconsistent with the risk profile of the UCITS and the Manager is not incentivised or rewarded for taking excessive risk.

The Manager has determined not to constitute a separate remuneration committee and for remuneration matters to be determined through the Manager's Compliance and AML Committee, a Committee of the Manager's Board.

The Manager's Compliance and AML Committee is responsible for the ongoing implementation of the Manager's remuneration matters and will assess, oversee, and review the remuneration arrangements of the Manager as well as that of the delegates as relevant, in line with the provisions of the applicable remuneration requirements.

The Manager has a number of directly employed staff. The Manager's parent company is Carne Global Financial Services Limited ("Carne"). In addition, Carne also operates through a shared services organisational model which provides that Carne employs staff and further enters into inter-group agreements with other Carne Group entities within the group to ensure such entities are resourced appropriately. As at 30 June 2023, 10 of the Identified Staff are employed directly by the Manager. The remainder of the identified staff are employees of Carne, or employees of another entity within the Carne Group, and are remunerated directly based on their contribution to Carne Group as a whole. In return for the services of each of the Carne Identified Staff, the Manager pays an annual staff recharge to Carne (the "Staff Recharge").



## **Appendix 1 - Remuneration (unaudited) - continued**

The independent non-executive directors are paid a fixed remuneration. The Other Identified Staff member's remuneration is linked to their overall individual contribution to the Manager or the Carne Group, with reference to both financial and non-financial criteria and not directly linked to the performance of specific business units or targets reached or the performance of the UCITS.

The aggregate of the total Staff Recharge, remuneration of the directly employed identified staff of the Manager and the remuneration of the independent non-executive directors for the year ended 30 June 2023 is EUR 2,502,802 paid to 16 Identified Staff<sup>1</sup> for the year ended 30 June 2023.

The Manager has also determined that, on the basis of number of sub-funds / net asset value of the UCITS relative to the number of sub-funds / assets under management, the portion of this figure attributable to the UCITS is EUR 9,683.

The Company does not pay any fixed or variable remuneration to identified staff of the Investment Manager.

<sup>1</sup> This number represents the number of Identified Staff as at 30 June 2023.



## **Appendix 2 - Sustainable Finance Disclosure Regulation (SFDR) (unaudited)**

For the financial year ended 30 June 2023

### **Sub-Funds that are categorised as Article 6 under SFDR.**

With respect to the Funds listed below the investments underlying each of these Sub-Funds do not take into account the EU criteria for environmentally sustainable economic activities.

- Russell Investments Sterling Liquidity Fund
- Russell Investments U.S. Dollar Cash Fund II
- Russell Investments Euro Liquidity Fund

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