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Investment INTEGRITY

The strength of Russell Investments isn't just its expansive global network and unparalleled investment expertise. At a time when investors wonder who they can trust, Russell Investments stands out with its strong values and belief in non-negotiable integrity.

Images courtesy of Russell Investments and Danial Nash

Peter Gunning brought a mix of global perspective and in-depth understanding of the local region when he returned from Russell Investments' US operations and was appointed to his current position as CEO Asia-Pacific at Russell Investments.

He started his career trading options on futures on the floor of the Sydney Futures Exchange before moving to CBA as a financial markets economist. "I then moved from there to the asset management division of the bank, where I had responsibility for investment risk management before managing domestic equity portfolios and a number of balanced funds.

"From there, I moved to Russell Investments where I helped establish the asset management business for Russell in Australia, eventually taking on the role of chief investment officer Asia-Pacific.

"In 2007, I moved to Russell's head office in the US to take up the role of global chief investment officer where I was responsible for Russell's global investment management and research division,

comprising almost 300 investment professionals across the world, including Australia."

During his tenure as global CIO, he helped transform the firm's investment proposition to focus on world-class multi-asset solutions. He also successfully led Russell's asset management and portfolio implementation teams through a period of historically challenging economic and market conditions.

"In my role, I had the privilege of leading Russell's investment team that manages more than \$280 billion in assets, and trades a couple of trillion dollars a year. In 2008, as I was taking on my new role, the collapse of Lehman Brothers in September 2008 almost brought down the world's financial system and provided a testing time for all investment managers. However, part of any career development is about dealing with adversity, and while it was a challenging time, in hindsight it was also quite an educational experience."

Since returning to Australia and taking up his CEO role, Peter has helped form a focused and defined strategy for the region. "Russell operates from a position

of strength, in terms of our unique investment capabilities and competitive differentiation, as well as our highly talented team of associates in areas such as actuarial services and consulting. Because you've got a firm that embodies a lot of intellectual capital, we have the ability to do a lot of things, but the challenge is to make sure we really focus those capabilities on our core strategy.

"The core strategy for Russell Investments in Australia is to be recognised as a world-leading asset-management firm with a specific focus on outcome-oriented multi-asset portfolios. Russell's overall purpose, the reason we get up in the morning, is to improve people's financial security. In Australia, that purpose extends to helping individuals retire with dignity and with more certainty.

"We're a global firm and we manage a huge amount of money around the world. So we need to be able to take that global scale and ensure it is relevant and beneficial for Australian investors. This includes the investment outcomes that we deliver to individual members and also working with superannuation funds to help them define >

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and meet their objectives, providing quality client servicing, and partnering with our service providers.”

Russell Investments offers a master trust solution to key partners in Australia. This includes a host of services and member educational programs to help individual investors transition comfortably into retirement. “In terms of partnerships, the master trust solution also includes administration services, which is the ‘plumbing’ of how contributions make their way into funds, statements, and individual accounting, and that is achieved through an alliance with Link Market Services.

“The other part of our model, in terms of service providers, is an open architecture approach which

“Russell Investments has always impressed us with the quality and experience of their people and their knowledge of investment management and its intricacies. Their approach is thorough with a strong philosophical underpinning, and their questioning targets the key issues and success factors.” - Rohan Walsh, Director & Investment Manager, Karara Capital

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includes either best-of-breed investment strategies from around the world, or best-of-breed service providers that we work for. We would argue that administration and Link ticks that box. We also have an open architecture approach in terms of providing solutions. What that means in practice is that our investment solutions embody third parties like Karara and also some internal investment solutions as well. It is quite an open architecture approach because we don’t believe that you can actually hit the investment outcomes you want by having a closed shop.”

As a globally integrated company, Russell Investments capitalises the strength of its global brand while still understanding the nuances of the different regions it operates within. “Our local investment team are part of Russell’s global investment team, so while they sit within Sydney and Tokyo, their reporting lines are within a global investment team structure.

“We actually have the same framework for some of our support services like accounting, risk management, and legal. It’s somewhat of a matrix structure in the sense that our client servicing, client management, and sales efforts are local, but the way that we’re actually organised is designed to deliver global expertise and support with local knowledge. Often, the benefit that we have is that we’ve got local executives who understand the local needs of the clients, but they’re able to tap into a global network and global scale.”

To maintain the strength and knowledge of Russell Investments’ global network, communication throughout the region and head office is daily. “We have a very large presence in Australia, but we also have a large presence in Japan, Korea, and New Zealand. We have a joint venture in Shanghai, and offices in Beijing and Singapore that are a little smaller. The modes of communication are really

twofold: there’s me talking to the relative CEOs and managing directors in our country offices, and then, just like the structure that I described within Australia of having people sitting in the offices that are part of global teams, there is global communication across global teams.”

Peter notes that the company’s overarching value is non-negotiable integrity, which is at the core of everything Russell Investments does. “The sorts of solutions that we provide to large superannuation funds, all the way through to individual mums and dads, are based on trust. No-one entrusts you with billions of dollars if they don’t trust you as an organisation or as individuals operating within the organisation. We’ve had a long heritage of providing outstanding investment outcomes to clients for 27 years in Australia. We build strong relationships that are based on trust. Fundamentally, the trust element is this idea that we

operate with complete non-negotiable integrity.

“Another of our values is that we’re looking to exceed our clients’ expectations, so we’re certainly looking for our associates to go above and beyond in terms of the way that we interact with our clients and our service providers.

“The third core value is that we have a genuine focus on our people, including our associates, families, and community. Within Russell, we have an initiative called Community R, and that group is charged with facilitating the interactions that we have with the communities that we operate in, and that has been something that has been in the DNA of Russell from the very beginning.”

With the strength of a vast global footprint and longevity within asset management, Russell Investments is in a strong position for the future. “In Australia, we’ve got a strong track record in being able



to provide investment solutions to clients that often have very complicated needs. We’ve seen, particularly coming out of 2008, that within the space where we operate there are firms that can provide a good story but may not necessarily be able to deliver the investment promises that they’ve actually put out there.

“I think we’ve been able to demonstrate over the years that we can deliver, and we’re seeing the benefits of that going forward. This year, we’ve experienced exceptionally strong growth in our business, and we expect that to continue into the future.”

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