

Cornerstone Sustainable Managed Portfolio Update

Trade activity on AMP North

January 2023

Summary of key changes

- Updated shares held in the direct Australian equity portfolio in the Cornerstone Sustainable Balanced Growth and Growth Managed Portfolios
- Added Altius Green Bond Fund in the Cornerstone Sustainable Balanced Growth Managed Portfolio

Why have we made these changes?

Direct Australian Equity Portfolio

A key component in our research process is to continually review and monitor how we the build equity portfolio with respects to strategic factors. This is to ensure the portfolio is best positioned to capture the exposures we expect to provide excess returns over the long term. In our recent review, the framework was updated to provide investors a more balanced exposure across the portfolio. As a result, the Strategic Factor weights were updated, and the following shares were traded to rebalance the portfolio.

Strategic Factors	Previous weight	New weight	Change
Momentum	35.0%	22.0%	-13.0%
Value	30.0%	24.0%	-6.0%
Low Volatility	15.0%	22.0%	7.0%
Quality	10.0%	20.5%	10.5%
Growth	10.0%	11.5%	1.5%
Trade activity			
Shares purchased	Sonic healthcare Ltd (SHL) Scentre Group Ltd (SCG) Lynas Rare Earths Ltd (LYC) JB HI-FI Ltd (JBH) Pilbara Minerals Ltd (PLS)		
Shares sold	Resmed Inc (RMD) Incitec Pivot Ltd (IPL) Allkem Ltd (AKE) Iluka Resources Ltd (ILU) Vicinity Centres Ltd (VCX)		

Investment Manager change

Altius Green Bond Fund was added to the Cornerstone Sustainable Balanced Growth Managed Portfolio to diversify the fixed interest portion of the portfolio. Altius is a high quality Australian fixed interest manager that invests in Australian bonds based on their ethical and sustainability process, involving negative screens and sustainability rankings.

Effective date

These changes were completed on 6 January 2023.

Outlook for 2023

The recent rebound in markets has provided some relief for investors. However, the economy is likely to deteriorate. A mild recession is likely in the U.S. due to the rapid pace of rate hikes from the central bank.

The most pressing concern for 2023 is whether inflation will subside enough for central banks to halt their rate hikes. We anticipate global demand will wane, leading to a decline in inflation. After experiencing negative returns in 2022, fixed income is expected to make a comeback in 2023.

For more information please visit our website:

russellinvestments.com.au/cornerstone or

contact your Invest Blue representative: 1300 346 837

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