

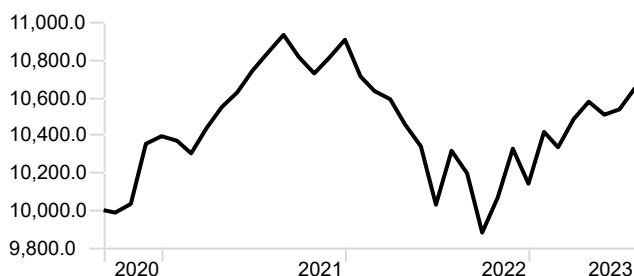
Cornerstone Conservative Managed Portfolio - Funds Only



The portfolio returned 1.08%[^] in July. Positioning amongst the portfolio's more defensive assets, including Metrics Credit, global floating rate credit and the Russell Investments Australian Floating Rate Fund, contributed positively to performance. So too did the Russell Investments Australian Opportunities Fund and our exposure to emerging markets equities. Our global equity portfolio recorded negative excess returns for the month, though absolute performance was positive.

Growth of \$10,000

Time Period: 7/09/2020 to 31/07/2023



Performance Review

As of Date: 31/07/2023

	Return
1 Month	1.08
3 Months	0.69
1 Year	3.25
2 Years	-0.88
3 Years	—
YTD	5.03
Since Inception	2.20

Inception date: 7/09/2020

[^]This performance is net of management fees for both the Managed Portfolio and the underlying managers' fees and costs. It does not take into account any third party platform fees charged to individual investors or transaction costs (including buy/sell spreads and brokerage fees). It assumes income is reinvested without any tax deduction. It is for RIML's preferred model portfolio of holdings. A holding in the preferred model portfolio may be restricted or replaced with another similar asset in the Managed Portfolio on different platforms if the preferred holding is not available. Different platforms may also charge different management fees for the Managed Portfolio. This can result in variances in performance of the Managed Portfolio between platforms. An individual investor's performance will differ, according to the investor's actual exposures to Managed Portfolio holdings and other factors (including transaction timing, transaction costs, actual underlying manager fees and costs and whether income is paid in cash). Platforms will have their own methodology for calculating performance, at both a platform level and an individual investor level. Past performance is not a reliable indicator of future performance.

Please contact your platform or adviser for details of your performance or current holdings in the Managed Portfolio.

Portfolio objective

The managed portfolio aims to provide returns over the short to medium term, with low volatility, consistent with a diversified mix of predominantly defensive assets and some growth-oriented assets. The managed portfolio aims to outperform the benchmark over the long term.

Main market highlights

Global share markets made good gains in July, benefiting from speculation the US Federal Reserve (Fed) may be nearing the end of its rate-hiking cycle. The Fed lifted interest rates another 0.25% late in the period, however the market's reaction to the move was relatively muted as investors – buoyed by the latest inflation figures – speculated that the Bank may actually be done with raising rates altogether. Both headline and core inflation in the US continued to ease in the 12 months to 30 June. Investors were also encouraged by Fed Chairman Jerome Powell's July post-meeting comments; the Bank's chief noting that whilst it's certainly possible the Bank could raise interest rates again when it next meets in September, it's also possible the Bank could choose to hold rates steady. Much will depend on upcoming economic data. Stocks also benefited from a series of surprisingly strong US earnings updates. Australian shares performed well in July, driven in part by the Reserve Bank of Australia (RBA)'s decision to leave the official cash rate on hold at 4.10% early in the period. The local market also benefited from easing inflation and speculation the RBA may be approaching the end of its own rate tightening cycle.

Global bonds were flat for the month, while Australian bonds recorded only modest gains in July.

Main portfolio highlights

In terms of Australian equity managers, Allan Gray and Ausbil outperformed; the latter benefiting from overweights to Evolution Mining, Worley Ltd. and James Hardie Industries. In contrast, Platypus underperformed its benchmark.

With regard to global equity managers, emerging markets specialist RWC Partners and UK equity specialist JO Hambro both outperformed their benchmarks. In contrast, PineStone underperformed, driven in part by overweights to Taiwan Semiconductor Manufacturing Co. and Japan's Keyence Corp.

Within the fixed income portfolio, both the Russell Investments International Bond Fund – \$A Hedged and the Russell Investments Australian Bond Fund delivered positive absolute and excess returns for the month. Both funds benefited from an overweight to credit. Metrics Credit outperformed government bonds, with Australian loans continuing to generate income-like returns. The Russell Investments Australian Floating Rate Fund also performed well.

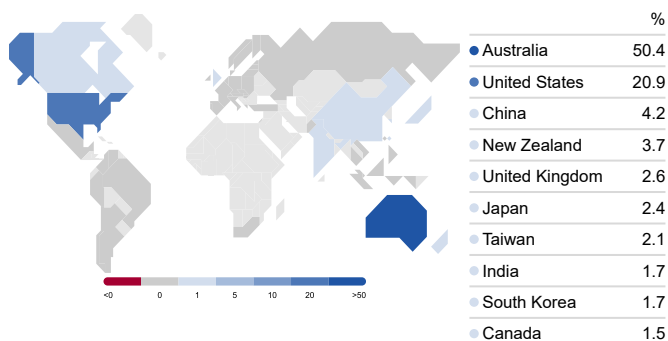
In terms of overall positioning, we increased the portfolio's allocation to listed property and reduced its exposure to global equities. We added listed property as we believe the asset class has become oversold and now offers attractive value. We reduced global equities due to recent equity market strength and expectations of softer global growth ahead. We also increased the portfolio's allocation to fixed income; namely government bonds. We believe government bonds are likely to rebound through the remainder of the year as long-term yields decline amid recession risks.

Overall, the managed portfolio is aligned with its long-term asset allocation as we wait patiently for opportunities.

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Country Exposure

Portfolio Date: 31/07/2023



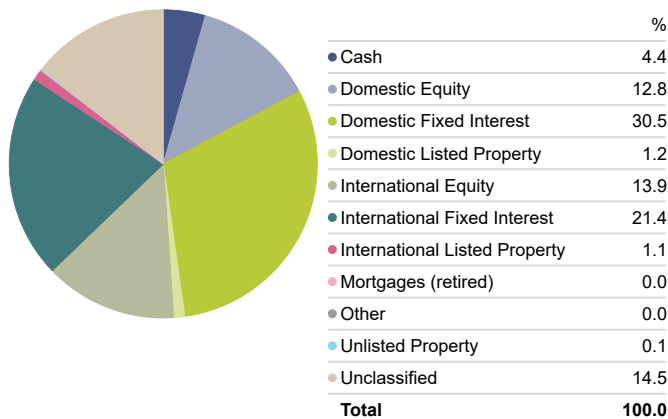
Dynamic positioning: Managing positions over the next 12-18 months

Looking ahead, we expect higher levels of volatility to continue, with active management to play an important role in navigating through it. We expect to increase growth asset exposure on major market reversals and decrease growth asset exposure on market rallies. This is a very important time to remain flexible as there are competing forces related to inflation and growth.

We retain the same themes as recent months, i.e. a preference for emerging markets over developed markets and a peer-relative overweight to floating rate credit.

Asset Allocation

Portfolio Date: 31/07/2023



Long-term investing: Positioning for 5 years and beyond

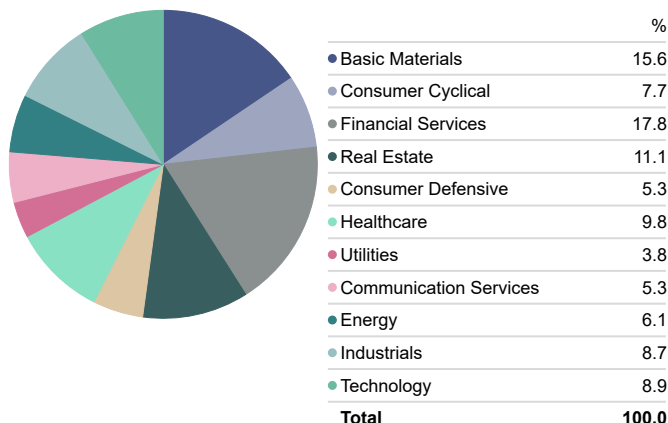
Defensive assets such as fixed income and cash have an allocation of 67% in the portfolio. A tilt toward credit further enhances the long-term return potential, but also increases the risk of losses. Credit spreads have widened, providing additional yield over Treasuries. Government bonds have recently begun to show signs of value across some markets and are now offering much higher yields than at the beginning of 2022.

The portfolio has a long-term asset allocation of 33% to return generating assets (including high yield debt and other extended fixed income). Growth asset valuations have decreased significantly year to date but are marginally higher than long-term averages in the US and similar to long-term averages across other developed markets, such as Australia. Long term forward looking return expectations for US shares and high-yield debt have improved during the year, but the economic outlook creates uncertainty in the near term. Given this, growth assets are still preferred due to superior returns relative to defensive assets over the medium term.

Strategically, the portfolio has positions in cheaper and higher momentum securities as per our researched beliefs.

Sector Allocation

Portfolio Date: 31/07/2023



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Detailed Asset Allocation

Portfolio Date: 31/07/2023

	Portfolio Weighting %
Russell Inv Multi-Asset Income Strategy	34.18
AMP Australian Fixed Interest Index	16.37
Macquarie Cash Fund - Class M Units	14.53
AMP International Fixed Intst Idx Hdg	9.33
AMP International Equity Index	5.61
Vanguard International Crdt Secs Idx Hdg	4.41
Ausbil 130/30 Focus - Wholesale	3.38
Allan Gray Australia Equity A	3.30
Vanguard Emerging Markets Shares Index	2.47
Platypus Australian Equities - Wholesale	2.17
Vanguard Global Infrastructure Index Hgd	0.83
AMP International Property Index Hdg	0.82
AMP Australian Property Index	0.76
Vanguard International Shrs Idx Hdg AUD	0.53

Allocations may not equal 100% due to rounding. In order to manage a fund/portfolio to its investment objectives, Russell Investments retains the discretion to change the underlying investments at any time, without notice to investors. Please refer to the relevant Product Disclosure Statement for more information.

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For more information please visit our website:

russellinvestments.com.au/cornerstone or contact your Invest Blue representative: 1300 346 837

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