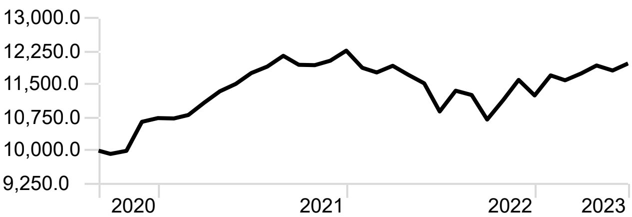
Cornerstone Balanced Growth Managed Portfolio - Funds Only

The portfolio returned 1.93%^ in the June quarter, underperforming the benchmark by 0.27%. Negative excess returns across global equities detracted from performance over the period. Exposure to value stocks and US small caps in particular weighed on returns. In contrast, the Russell Investments Australian Opportunities Fund delivered positive absolute and excess returns for the quarter. Positioning amongst the portfolio's more defensive assets, including Metrics Credit, also added value.

Growth of $10,000

Time Period: 7/09/2020 to 30/06/2023



Performance Review

As of Date: 30/06/2023

	Cornerstone Bal Growth Managed Portfolio - Funds Only	Morningstar AUS Growth Tgt Alloc NR AUD
1 Month	1.35	1.63
3 Months	1.93	2.20
1 Year	9.98	10.71
2 Years	0.92	0.89
3 Years	—	7.01
YTD	6.42	6.84
Since Inception	6.61	6.51

Inception date: 7/09/2020

Benchmark: Morningstar Australia Growth Target Allocation NR AUD Index

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

Main market highlights

Global share markets performed well in the June quarter. Contributing to the gains were increasing expectations the US Federal Reserve (Fed) would soon hit the pause button on interest rates, which it did; the Bank maintaining its benchmark fed funds rate at a target range of between 5.00% and 5.25% in June. In its press release accompanying the decision, the Fed said, "holding the target range steady…allows the Committee to assess additional information and its implications for monetary policy." However, a majority of officials still believe that high inflation, together with the enduring strength of the US economy, will likely warrant further rate increases this year. Stocks also benefited from fresh economic stimulus in China, an end to the standoff between Democrats and Republicans over the US government's debt ceiling and a series of mostly encouraging earnings updates; which is to say earnings were 'less bad' than the market had anticipated. Australian shares made more modest gains relative to their global counterparts; the local market benefiting from easing inflation toward the end of the period and increasing speculation the Reserve Bank of Australia (RBA) would leave interest rates on hold in July. [*Note: the RBA did in fact leave rates on hold following its early July gathering.*]

Global government bonds were slightly weaker for the quarter. Australian government bonds underperformed their global peers.

Main portfolio highlights

There were no material positional changes over the period. Overall, the managed portfolio is aligned with its long-term asset allocation as we wait patiently for opportunities.

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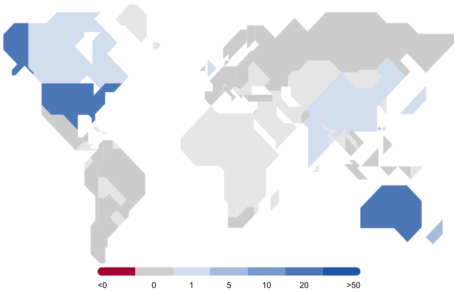
Country Exposure

Portfolio Date: 30/06/2023



	%
Australia	41.0
United States	25.8
New Zealand	5.2
China	4.4
United Kingdom	3.3
Japan	3.0
Taiwan	2.4
India	2.0
South Korea	1.9
Canada	1.4

Long-term investing: Positioning for 5 years and beyond

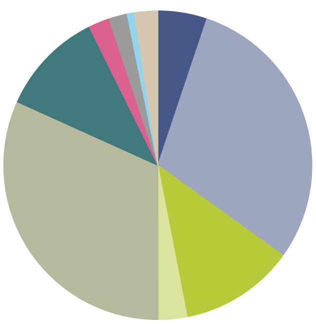
The portfolio has a long-term asset allocation of 76% to return generating assets (including high yield debt and other extended fixed income). Growth asset valuations have decreased significantly year to date but are marginally higher than long-term averages in the US and similar to long-term averages 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.

Defensive assets such as fixed income and cash have an allocation of 24% 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.

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

Asset Allocation

Portfolio Date: 30/06/2023



	%
Cash	5.2
Domestic Equity	29.8
Domestic Fixed Interest	12.0
Domestic Listed Property	3.0
International Equity	31.8
International Fixed Interest	10.9
International Listed Property	2.2
Mortgages (retired)	0.0
Other	1.9
Unlisted Property	0.7
Unclassified	2.4
Total	**100.0**

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

In terms of Australian equity managers, Allan Gray outperformed; the manager benefiting from overweights to Downer EDI, QBE Insurance and New Zealand's Fletcher Building. In contrast, Ausbil performed in line with the benchmark.

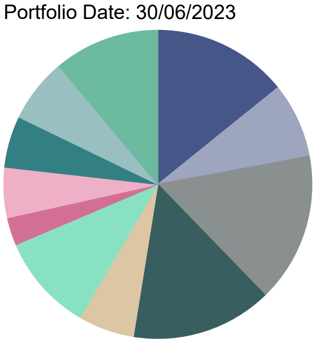
With regard to global equity managers, emerging markets specialist RWC Partners, UK equity specialist JO Hambro and Numeric's low-volatility strategy all underperformed. In contrast, both Sanders and global growth manager Wellington performed well; the latter benefiting from overweights to US names like Amazon.com, Eli Lilly & Co. and Uber Technologies.

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 an overweight to floating rate credit.

Sector Allocation

Portfolio Date: 30/06/2023



	%
Basic Materials	14.2
Consumer Cyclical	7.9
Financial Services	15.7
Real Estate	14.8
Consumer Defensive	5.9
Healthcare	10.2
Utilities	2.9
Communication Services	5.3
Energy	5.4
Industrials	6.7
Technology	11.1
Total	**100.0**

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Detailed Asset Allocation

Portfolio Date: 30/06/2023

	Portfolio Weighting %
Russell Inv Multi-Asset Growth Strat A	31.28
AMP International Equity Index	13.45
AMP Australian Equity Index	12.59
AMP International Fixed Intst Idx Hdg	5.89
AMP Australian Fixed Interest Index	5.01
Vanguard International Shrs Idx Hdg AUD	4.45
Ausbil 130/30 Focus - Wholesale	4.44
Allan Gray Australia Equity A	4.36
Russell Global Opportunities A	4.31
Vanguard Emerging Markets Shares Index	3.37
Platypus Australian Equities - Wholesale	2.90
Macquarie Cash Fund - Class M Units	2.44
AMP Australian Property Index	1.72
AMP International Property Index Hdg	1.60
Vanguard Global Infrastructure Index Hgd	0.83

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