Cornerstone Balanced Growth Managed Portfolio - Funds Only

The portfolio returned -1.38%^ in the September quarter. Stock selection within our global and Australian equity portfolios weighed the most on performance. In contrast, the direct Australian equity portfolio outperformed its benchmark. Our exposures to private credit, global floating rate credit and the Russell Investments Australian Floating Rate Fund added further value over the period. An overweight to the value factor also contributed positively to performance.

Growth of $10,000

Performance Review

As of Date: 30/09/2023

	Return
1 Month	-2.99
3 Months	-1.38
1 Year	10.30
2 Years	-0.57
3 Years	5.95
YTD	4.95
Since Inception	5.57

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 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 fell over the period, driven largely by expectations global interest rates will stay higher for longer in the face of stubbornly high inflation. In the US, the Federal Reserve (Fed) hit the pause button in September but surprised the market when it flagged one more rate increase this year and fewer rate cuts next year. The Fed is now projecting just two interest rate cuts in 2024, which is down on the four rate cuts the Bank forecast in June. Speaking after the Fed's latest meeting, chairman Jerome Powell said the Bank intends to hold rates at a restrictive level until it's confident inflation is moving down sustainably toward its (2.0%) objective. We saw a similar theme in Europe and the UK. Stocks were also pressured by a sharp rise in government bond yields. Australian shares were also lower for the quarter. Much of the decline was driven by increasing speculation domestic interest rates may need to rise further and remain higher for longer amid stickier-than-expected inflation. Despite the Reserve Bank of Australia leaving the official cash rate unchanged at 4.10% throughout the period, officials noted that inflation in Australia is still too high and will remain so for some time. The local market was also impacted by a series of mostly softer domestic economic data.

Both global and domestic bonds were weaker for the quarter.

Main portfolio highlights

In terms of Australian equity managers, Ausbil underperformed the benchmark, driven in part by overweights to healthcare names ResMed and CSL Ltd. Platypus and Allan Gray also underperformed; the latter impacted by overweights to Alumina and oil and gas producer Santos.

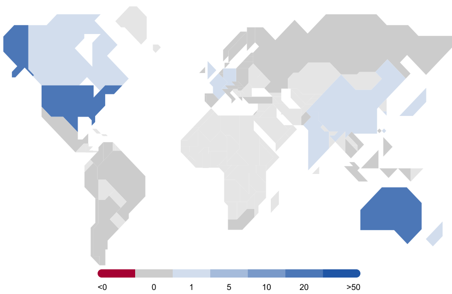
With regard to global equity managers, PineStone underperformed its benchmark, driven in part by underweight exposures to emerging markets and the energy sector. In contrast, UK equity specialist JO Hambro outperformed, benefiting from overweights to HSBC, oil major BP and healthcare giant GSK. Emerging markets specialist Redwheel and Japan equity specialist Nissay Asset Management also outperformed; the latter benefiting from overweights to Mitsubishi Chemical Group and Suzuki Motor Corp.

In terms of positional changes, we increased the portfolio's exposures to fixed income and listed property and reduced its exposure to global equities and cash. Overall, the managed portfolio is aligned with its long-term asset allocation as we wait patiently for opportunities.

Cornerstone Balanced Growth Managed Portfolio - Funds Only

Country Exposure

Portfolio Date: 30/09/2023



	%
Australia	44.0
United States	30.1
Japan	3.7
United Kingdom	3.3
China	2.6
Canada	1.8
Switzerland	1.5
New Zealand	1.4
Taiwan	1.4
France	1.3

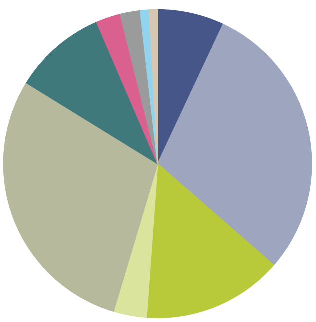
Dynamic positioning: Managing positions over the next 12-18 months

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: 30/09/2023



	%
Cash	7.0
Domestic Equity	29.4
Domestic Fixed Interest	14.7
Domestic Listed Property	3.5
International Equity	29.2
International Fixed Interest	9.7
International Listed Property	2.6
Mortgages (retired)	0.0
Other	2.1
Unlisted Property	0.9
Unclassified	0.9
Total	**100.0**

Long-term investing: Positioning for 5 years and beyond

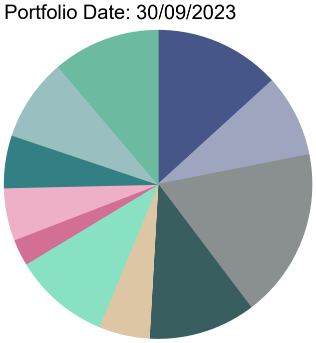
The portfolio has a long-term asset allocation of 76% to return generating assets (including high yield debt and other extended fixed income). Growth asset valuations have increased year to date but are below pre-pandemic levels. Long-term, forward-looking return expectations for US shares and high-yield debt have moderated. The economic outlook creates uncertainty in the near term, however in the long term, growth assets are still preferred due to superior returns relative to defensive assets.

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 narrowed and are near their long-term averages. Government bonds are cheap 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.

Sector Allocation

Portfolio Date: 30/09/2023



	%
Basic Materials	13.3
Consumer Cyclical	8.7
Financial Services	17.8
Real Estate	11.2
Consumer Defensive	5.4
Healthcare	10.1
Utilities	2.8
Communication Services	5.5
Energy	5.5
Industrials	8.6
Technology	11.2
Total	**100.0**

Cornerstone Balanced Growth Managed Portfolio - Funds Only

Detailed Asset Allocation

Portfolio Date: 30/09/2023

	Portfolio Weighting %
Russell Inv Multi-Asset Growth Strat A	33.05
AMP Australian Equity Index	12.46
AMP International Equity Index	11.02
AMP Australian Fixed Interest Index	7.17
AMP International Fixed Intst Idx Hdg	5.13
Ausbil 130/30 Focus - Wholesale	4.49
Vanguard International Shrs Idx Hdg AUD	4.49
Russell Global Opportunities A	4.42
Allan Gray Australia Equity A	4.09
Vanguard Emerging Markets Shares Index	3.19
Platypus Australian Equities - Wholesale	2.86
AMP Australian Property Index	2.19
AMP International Property Index Hdg	2.06
Vanguard Global Infrastructure Index Hgd	1.04
Macquarie Cash Fund - Class M Units	0.87

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.

Cornerstone Balanced Growth Managed Portfolio - Funds Only

For more information please visit our website:

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