

Cornerstone High Growth Managed Portfolio - Funds Only

cornerstone

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The portfolio returned -1.89%[^] in the September quarter. Stock selection within our global and Australian equity portfolios weighed the most on performance. In contrast, an overweight to the value factor contributed positively to performance.

Portfolio objective

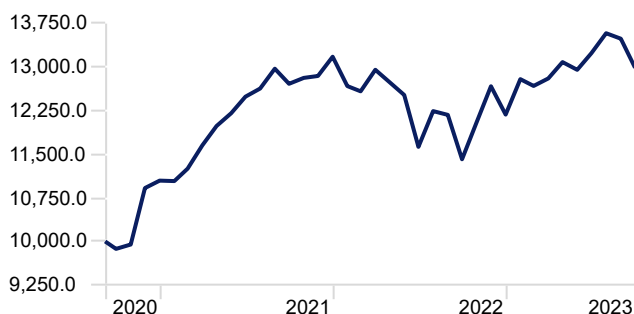
The managed portfolio aims to provide capital growth over the long term consistent with a portfolio focusing on solely growth assets, while accepting fluctuations in capital values in the medium term. The managed portfolio aims to outperform the benchmark over the long term.

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.

Growth of \$10,000



Performance Review

As of Date: 30/09/2023

	Return
1 Month	-3.69
3 Months	-1.89
1 Year	13.76
2 Years	1.08
3 Years	9.55
YTD	6.60
Since Inception	8.89

Inception date: 7/09/2020

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. In contrast, Firetail performed in line with the benchmark. The manager benefited from an overweight to the energy space, however this was offset by an overweight to the poor-performing healthcare sector.

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 exposure to 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.

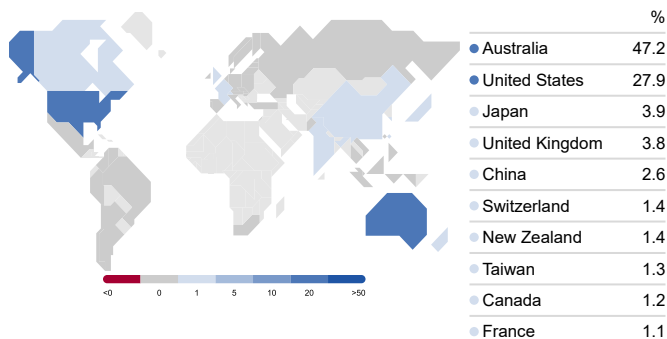
[^]This performance is net of management fees for both the Managed Portfolio and the underlying managers' fees and costs. It does not take into account any third party platform fees charged to individual investors or transaction costs (including buy/sell spreads and brokerage fees). It assumes income 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.

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Country Exposure

Portfolio Date: 30/09/2023



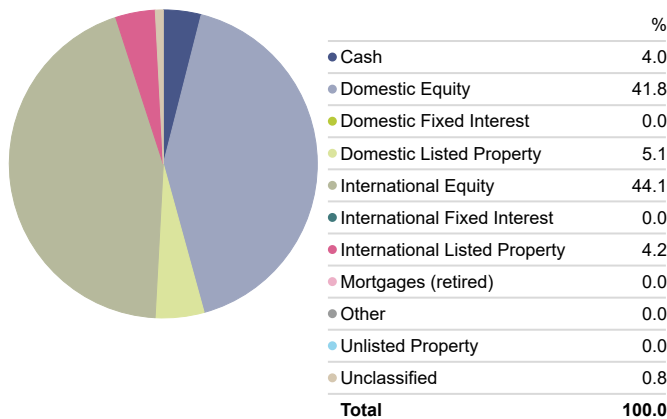
Dynamic positioning: Managing positions over the next 12-18 months

We believe the main uncertainty for markets is the outlook for the US economy. Whilst economic data so far this year has proven more resilient than markets initially expected, our base case remains that a recession in the US is more likely than not. The upside risk for the US economy and markets comes from the possibility that US core inflation has peaked. This, combined with some softening in the labour market, could allow the Fed to become less hawkish later this year and into 2024.

We retain the same themes as recent months, including a preference for emerging markets over developed markets.

Asset Allocation

Portfolio Date: 30/09/2023



Long-term investing: Positioning for 5 years and beyond

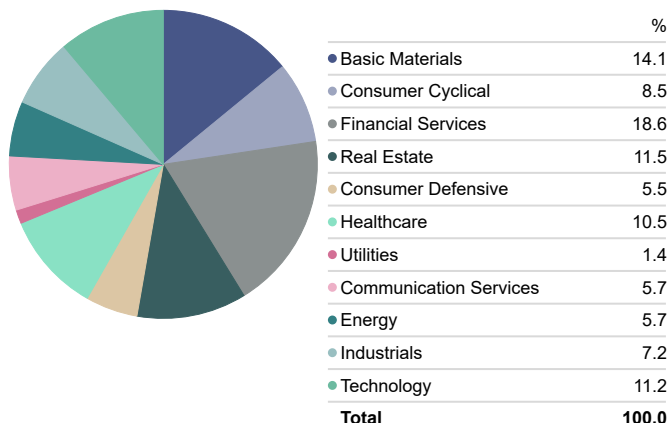
The portfolio has a long-term asset allocation of 98% to return generating assets. Growth asset valuations have increased year to date but are below pre-pandemic levels. Long-term, forward-looking return expectations for US shares and high-yield debt have moderated. The economic outlook creates uncertainty in the near term, however in the long term, growth assets are still preferred due to superior returns relative to defensive assets.

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

There is a cash allocation of 2% in the portfolio.

Sector Allocation

Portfolio Date: 30/09/2023



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Detailed Asset Allocation

Portfolio Date: 30/09/2023

	Portfolio Weighting %
AMP Australian Equity Index	19.88
Russell Global Opportunities A	19.60
Vanguard International Shrs Idx Hdg AUD	11.58
AMP International Equity Index	8.19
Ausbil 130/30 Focus - Wholesale	8.05
Allan Gray Australia Equity A	7.07
Vanguard Emerging Markets Shares Index	4.54
Platypus Australian Equities - Wholesale	4.50
AMP Australian Property Index	4.05
AMP International Property Index Hdg	3.78
Firetrail Australian High Conviction	3.56
Russell Global Listed Infr \$A Hedged	3.03
Macquarie Cash Fund - Class M Units	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

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