Cornerstone Conservative Managed Portfolio - Funds Only

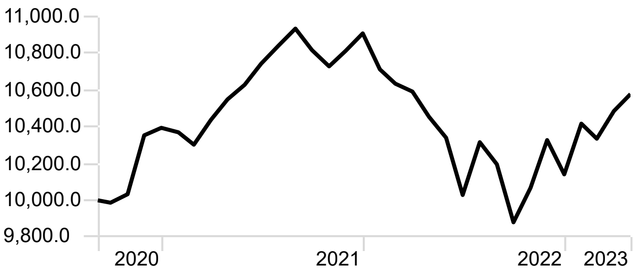
The portfolio returned 0.88%^ in April. Positive absolute returns across equities and traditional fixed income assets added value over the period. Our exposure to extended fixed income assets was also positive for the month, including global floating rate loans.

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.

Growth of $10,000

Time Period: 7/09/2020 to 30/04/2023



Performance Review

As of Date: 30/04/2023

	Return
1 Month	0.88
3 Months	1.54
1 Year	1.18
2 Years	0.14
3 Years	—
YTD	4.31
Since Inception	2.15

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.

Main market highlights

Global share markets made good gains over the period, benefiting from expectations the US Federal Reserve (Fed) may be nearing the end of its interest rate tightening cycle amid further evidence inflation is moderating, softer economic growth and renewed concerns over the country's banking system after First Republic Bank was seized by US regulators and ultimately sold to JPMorgan. Compounding this were the minutes from the Fed's March meeting, which showed several participants considered hitting the pause button in March until it was clear that the fallout from the collapse of Silicon Valley Bank and Signature Bank would be contained. Whilst the Fed ultimately raised interest rates by another 0.25% at its March meeting, the future path of US interest rates seems far from certain as the Bank seeks to balance high inflation with a potential 'credit crunch' stemming from recent bank failures. [*Note: The Fed lifted interest rates a further 0.25% at its early May meeting, taking the benchmark fed funds rate to a target range of between 5.00% and 5.25%.*] Australian shares also performed well after the Reserve Bank of Australia hit the pause button on interest rates early in the period. Stocks also benefited from strong gains across the 'Big Four' banks and a series of mostly encouraging economic data.

Global government bonds made only modest gains in April. Australian government bonds underperformed their global peers, albeit slightly.

Main portfolio highlights

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

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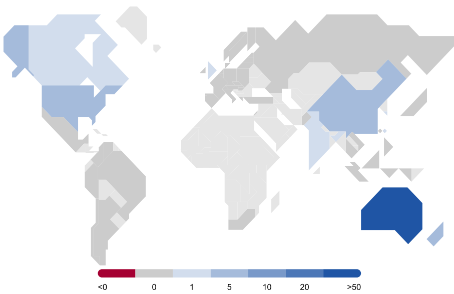
Country Exposure

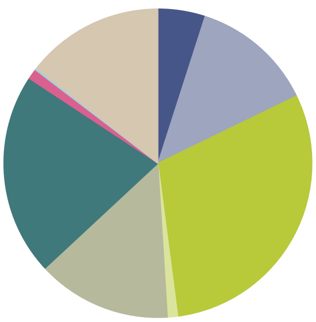
Portfolio Date: 30/04/2023



	%
Australia	62.8
United States	9.0
China	5.8
New Zealand	5.6
Taiwan	2.8
India	2.6
South Korea	2.2
Other Countries	1.4
United Kingdom	1.3
Canada	1.1

Asset Allocation

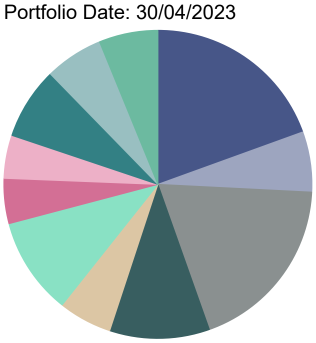
Portfolio Date: 30/04/2023



	%
Cash	5.0
Domestic Equity	12.9
Domestic Fixed Interest	30.1
Domestic Listed Property	1.1
International Equity	14.1
International Fixed Interest	21.2
International Listed Property	1.1
Mortgages (retired)	0.0
Other	0.0
Unlisted Property	0.2
Unclassified	14.5
Total	**100.0**

Sector Allocation

Portfolio Date: 30/04/2023



	%
Basic Materials	19.5
Consumer Cyclical	6.3
Financial Services	18.8
Real Estate	10.5
Consumer Defensive	5.6
Healthcare	10.2
Utilities	4.7
Communication Services	4.5
Energy	7.6
Industrials	6.1
Technology	6.2
Total	**100.0**

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.

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

In terms of Australian equity managers, Allan Gray outperformed on the back of strong stock selection within the materials space. In contrast, Ausbil and Platypus both underperformed. Ausbil was impacted by poor stock selection within the consumer discretionary sector, while Platypus's underperformance was driven by a significant underweight to financials.

With regard to global equity managers, UK equity specialist JO Hambro outperformed, benefiting in part from their holdings in stockbroker Numis Corp. and price comparison website Moneysupermarket.com. Global equity manager Sanders also performed well, while emerging markets specialist RWC Partners underperformed; the latter hurt in part by overweights to Chinese names Baidu and Alibaba.

Within the fixed income portfolio, the Russell Investments Australian Bond Fund outperformed its benchmark. Metrics Credit also performed well, with Australian loans continuing to generate income-like returns. The Russell Investments International Bond Fund – $A Hedged (RIBF) performed in line with its benchmark. Within RIBF, both duration and credit positioning had a relatively neutral impact on overall returns.

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.

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Detailed Asset Allocation

Portfolio Date: 30/04/2023

	Portfolio Weighting %
Russell Inv Multi-Asset Income Strategy	34.01
AMP Australian Fixed Interest Index	16.94
Macquarie Cash Fund - Class M Units	14.50
AMP International Fixed Intst Idx Hdg	9.47
AMP International Equity Index	5.30
Vanguard International Crdt Secs Idx Hdg	4.47
Ausbil 130/30 Focus - Wholesale	3.36
Allan Gray Australia Equity A	3.23
Vanguard Emerging Markets Shares Index	2.34
Platypus Australian Equities - Wholesale	2.14
Vanguard Global Infrastructure Index Hgd	0.84
AMP International Property Index Hdg	0.80
AMP Australian Property Index	0.76
Vanguard International Shrs Idx Hdg AUD	0.49

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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