

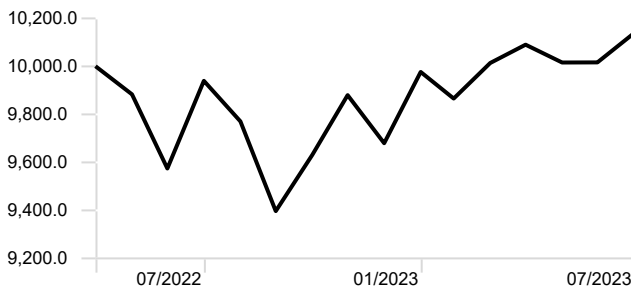
Cornerstone Strategic Index Conservative Managed Portfolio



The portfolio returned 1.21%[^] in July. The portfolio's growth assets performed well over the period.

Growth of \$10,000

Time Period: 30/04/2022 to 31/07/2023



Performance Review

As of Date: 31/07/2023

	Return
1 Month	1.21
3 Months	0.47
1 Year	1.99
2 Years	—
3 Years	—
YTD	4.72
Since Inception	1.09

Inception date: 30/04/2022

[^]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 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 portfolio aims to perform in line with the benchmark over the long term, after fees.

Main portfolio highlights

Our equity portfolio delivered positive absolute returns over the period; though our Australian equities exposure accounted for much of this positive performance. The portfolio's listed property exposure also performed well, with the sector extending its recent gains. We continue to favour listed property as we believe the asset class offers attractive value. Our emerging markets debt exposure added further value; the sector outperforming traditional global fixed income assets in July.

The direct Australian equity portfolio performed in line with the benchmark. Stock selection within the information technology space contributed positively to performance, including an overweight to WiseTech Global and small underweights to Xero and NEXTDC. Stock selection amongst materials also added value; notably an overweight to James Hardie Industries. In contrast, stock selection amongst industrials detracted from overall performance in July, including an overweight to supply-chain logistics firm Brambles. Stock selection within the communication services space also weighed on returns; notably underweights to Seek and REA Group.

More broadly, global bonds were flat in July. Bonds benefited from increasing speculation some of the world's major central banks may be nearing the end of their aggressive rate-hiking cycles. In the US, the Federal Reserve (Fed) lifted interest rates another 0.25% late in the period, however investors – buoyed by the latest inflation figures – largely ignored the move and bet instead that the Fed 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. The European Central Bank (ECB) also raised rates a further 0.25% in July. Whilst the Bank didn't offer up any forward guidance regarding future interest rate decisions, it did hint at a possible pause when it next meets in September, with ECB President Christine Lagarde saying, "There is the possibility of a hike (next time). There is the possibility of a pause." She followed up her comments by adding that the Bank remains "open-minded" and that any decision on rates will depend on economic data. In contrast, bonds were impacted by a series of surprisingly strong earnings updates. Global credit markets were stronger in July, with spreads on US and European investment-grade and high-yield debt narrowing over the period. Australian bonds narrowly outperformed their global peers, while domestic credit spreads tightened, albeit slightly.

Both global and Australian share markets made good gains in July.

In terms of positioning, the portfolio underwent its semi-annual rebalance during the period. As part of this rebalance, we increased the portfolio's allocations to global and domestic 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. Moreover, we feel the market still expects to see a downturn in the sector, which we believe is unlikely in the near future; an opinion that has so far paid off and is likely to continue to do so. We reduced our exposure to global equities due to recent equity market strength and expectations of softer global growth ahead. We also felt it appropriate to take some profits given the sector's recent gains, particularly as interest rates look set to remain higher for longer and a selloff in equity markets remains a possibility.

We also rebalanced the direct Australian equities component of the portfolio to better reflect our target factor exposures.

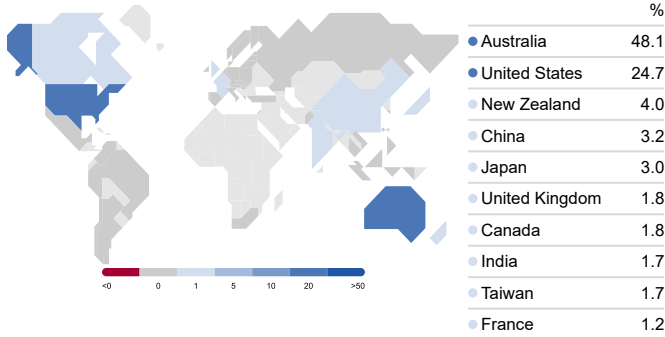
Following this latest rebalance, the portfolio's overall positioning reflects a more neutral exposure (relative to the benchmark) to the major asset classes, i.e. equities, fixed income and cash.

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Country Exposure

Portfolio Date: 31/07/2023



Long-term investing: Positioning for 5 years and beyond

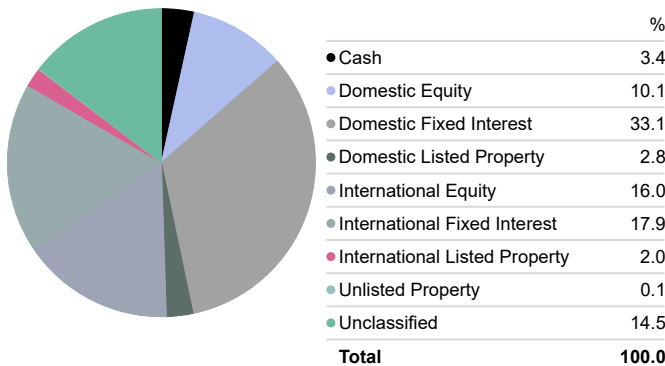
The portfolio has a long-term asset allocation of 30% to growth assets. Growth asset valuations have decreased significantly year to date but are marginally higher than long-term averages in the US and similar to long-term averages across other developed markets, such as Australia. Long-term, forward-looking return expectations for US shares and high-yield debt have improved, 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 70% 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 per our researched beliefs.

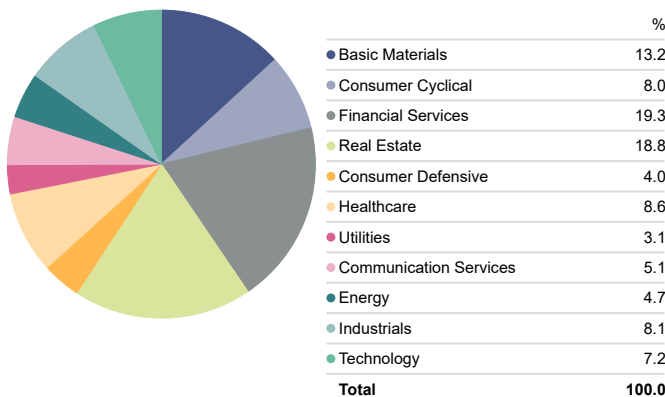
Asset Allocation

Portfolio Date: 31/07/2023



Sector Allocation

Portfolio Date: 31/07/2023



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cornerstone

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Detailed Asset Allocation

Portfolio Date: 31/07/2023

	Portfolio Weighting %
Russell Inv Australian Government Bd ETF	19.55
Macquarie Cash Fund - Class M Units	14.55
AMP International Fixed Intst Idx Hdg	14.16
Russell Inv Australian Semi-Govt Bd ETF	9.80
AMP International Equity Index	5.14
Vanguard MSCI Intl (Hdg) ETF	4.66
Russell Inv Australian Select CorpBd ETF	3.51
Vanguard All-World ex-US Shares ETF	2.24
AMP Australian Property Index	2.20
Vanguard FTSE Emerging Markets Shrs ETF	2.04
Vanguard Intl Credit Secs (Hdg) ETF	1.91
AMP International Property Index Hdg	1.84
iShares Core Cash ETF	1.49
iShares S&P/ASX Small Ordinaries ETF	1.41
iShares S&P Small-Cap ETF	1.16
iShares JP Morgan USD EmMkts Bd AUDH ETF	1.06
Vanguard Global Infrastructure Index Hgd	1.00
iShares Core S&P/ASX 200 ETF	0.08
BHP Group Ltd	1.32
Commonwealth Bank of Australia	1.04
CSL Ltd	0.78
National Australia Bank Ltd	0.58
Westpac Banking Corp	0.49
ANZ Group Holdings Ltd	0.48
Transurban Group	0.47
Macquarie Group Ltd	0.41
Woodside Energy Group Ltd	0.39
Wesfarmers Ltd	0.34
Rio Tinto Ltd	0.34
Woolworths Group Ltd	0.34
Telstra Group Ltd	0.30
Carsales.com Ltd	0.30
James Hardie Industries PLC	0.26
Goodman Group	0.26
Fortescue Metals Group Ltd	0.25
Cochlear Ltd	0.24
Aristocrat Leisure Ltd	0.23
Suncorp Group Ltd	0.22
Santos Ltd	0.20
Mirvac Group	0.19
South32 Ltd	0.18
Sonic Healthcare Ltd	0.18
Aurizon Holdings Ltd	0.17
Computershare Ltd	0.17
Dexus	0.17
Mineral Resources Ltd	0.15
Harvey Norman Holdings Ltd	0.14
Lynas Rare Earths Ltd	0.13

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:

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