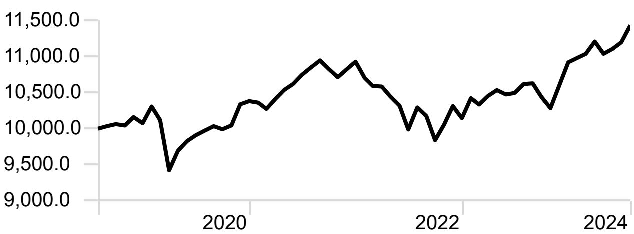
Cornerstone Conservative Managed Portfolio – Core Model

The portfolio returned 2.10%^ in July. The Russell Investments Australian Bond Fund delivered positive absolute and excess returns over the period. The Russell Investments International Bond Fund – $A Hedged narrowly underperformed its benchmark, though absolute returns were positive for the month. In terms of equities, both our global equity exposure and the direct Australian equity portfolio recorded positive absolute and benchmark-relative performance in July. Australian private credit manager Metrics Credit and the Russell Investments Australian Floating Rate Fund also performed well.

Growth of $10,000

Time Period: 1/08/2019 to 31/07/2024



Performance Review

As of Date: 31/07/2024

	Return
1 Month	2.10
3 Months	3.57
1 Year	7.66
2 Years	5.37
3 Years	1.76
5 Years	2.71
YTD	4.69
Since Inception	2.96

Inception date: 17/06/2019

^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

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.

Portfolio strategy

The Portfolio typically invests in a diversified investment mix with exposure to growth investments of around 30% and defensive investments of around 70% over the long term, however the allocations will be actively managed within the allowable ranges depending on market conditions.

Main market highlights

Global share markets performed well in July. Much of the gains continued to be driven by inflation outcomes and central bank activity. In the US, the Federal Reserve (Fed) left its benchmark fed funds rate on hold at a target range of between 5.25% and 5.50% following its latest gathering, with Chairman Jerome Powell acknowledging that officials now had greater confidence that inflation will meet their 2.0% target. The latest figures showed headline inflation in the US rose 3.0% in the 12 months to 30 June, which was down on the 3.3% gain we saw in May. Core inflation slowed from 3.4% to 3.3%. For some time, Powell has said the Fed wouldn't cut interest rates until it was confident inflation was moving sustainably toward its target. Armed with these latest figures, he conceded that if inflation remains on its current path, then a reduction in interest rates could be on the table as soon as the Bank's next meeting in September. Meantime, the Bank of Japan unexpectedly raised interest rates again in July, while the Bank of England delivered its first rate cut in more than four years in early August. The European Central Bank left its main refinancing rate on hold. Australian shares made strong gains over the period, driven largely by better-than-expected June quarter inflation data.

Both global and domestic bonds recorded good gains for the month.

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 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.

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 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.

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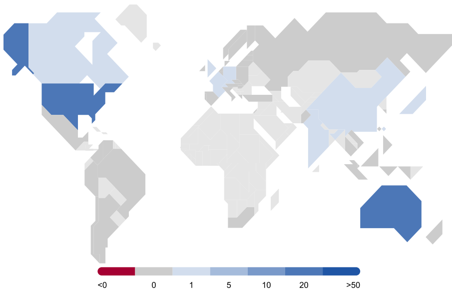
Country Exposure

Portfolio Date: 31/07/2024



	%
Australia	49.1
United States	25.6
Japan	3.4
China	2.6
India	2.3
United Kingdom	2.0
Taiwan	2.0
Canada	1.6
Switzerland	1.3
France	1.3

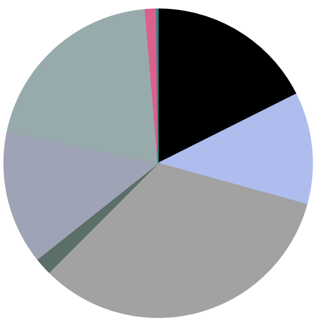
Dynamic positioning: Managing positions over the next 12-18 months

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 less expensive equity markets versus US equities and peer-relative overweights to global small caps and the value factor.

Asset Allocation

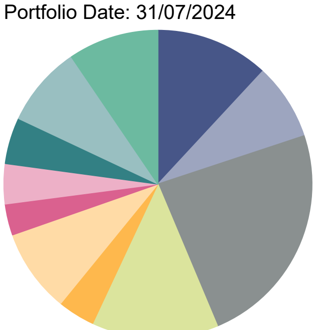
Portfolio Date: 31/07/2024



	%
Cash	17.6
Domestic Equity	11.7
Domestic Fixed Interest	33.2
Domestic Listed Property	1.8
International Equity	14.0
International Fixed Interest	20.3
International Listed Property	1.2
Other	0.2
Total	**100.0**

Sector Allocation

Portfolio Date: 31/07/2024



	%
Basic Materials	11.9
Consumer Cyclical	8.0
Financial Services	23.8
Real Estate	13.3
Consumer Defensive	3.9
Healthcare	8.8
Utilities	3.3
Communication Services	4.2
Energy	4.9
Industrials	8.5
Technology	9.5
Total	**100.0**

Main portfolio highlights

The direct Australian equity portfolio outperformed its benchmark, benefiting in part from an overweight exposure and positive stock selection within financials. This included overweights to QBE Insurance and Bendigo and Adelaide Bank. An overweight exposure and positive stock selection within the consumer discretionary sector also added value; notably an overweight to electronics retailer JB Hi-Fi and an underweight to The Lottery Corporation. Stock selection amongst materials also contributed positively to performance over the period, including an underweight to diversified miner South32. In contrast, stock selection within the real estate space detracted from overall returns in July, including an overweight to industrial property giant Goodman Group.

Within the fixed income portfolio, the Russell Investments Australian Bond Fund outperformed its benchmark, benefiting in part from its duration positioning. The Russell Investments International Bond Fund – $A Hedged narrowly underperformed its benchmark; though absolute returns were positive. Active currency positioning was the main driver of underperformance, including short Swiss franc and euro positions. Metrics Credit outperformed cash and traditional fixed income assets, with Australian loans continuing to generate income-like returns. The Russell Investments Australian Floating Rate Fund also performed well; the Fund outperforming cash as floating rate assets continued to benefit from a higher interest rate environment.

During the month, we reduced the portfolio's allocation to Australian real estate investment trusts (A-REITs) in favour of global real estate investment trusts (G-REITs). G-REITs have not only underperformed A-REITs but also the broader global equity market. As a result, we believe G-REITs offer better value. G-REITs also provide greater diversification benefits, with the global listed property market comprising more than 300 constituents compared to just 33 in Australia.

We also increased the portfolio's allocations to global and Australian fixed income, which we expect to outperform cash as government bond yields fall in response to central bank interest rate cuts.

Finally, as equity markets moved higher in recent months, we renewed our options protection with higher strike prices and with the same November 2024 expiry. This means that equity markets – namely the US S&P 500 Index – will have to fall by less before our options provide protection.

Overall, the managed portfolio is aligned with its long-term asset allocation as we wait patiently for opportunities.

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Detailed Asset Allocation

Portfolio Date: 31/07/2024

	Portfolio Weighting %
Russell Inv Multi-Asset Income Strategy	34.80
iShares Core Cash ETF	13.07
Russell Inv Australian Government Bd ETF	11.09
Vanguard Global Aggregate Bd Hdg ETF	10.28
Vanguard All-World ex-US Shares ETF	3.92
Vanguard Intl Credit Secs (Hdg) ETF	2.73
Russell Inv Australian Select CorpBd ETF	2.50
Vanguard US Total Market Shares ETF	2.41
Russell Inv Australian Semi-Govt Bd ETF	1.99
iShares S&P Small-Cap ETF	1.29
Vanguard Australian Property Secs ETF	1.21
Vanguard FTSE Emerging Markets Shrs ETF	1.05
iShares JP Morgan USD EmMkts Bd AUDH ETF	0.96
Vanguard International Prpty Secs IdxHdg	0.89
Vanguard Global Infrastructure Index Hgd	0.53
Vanguard MSCI Intl (Hdg) ETF	0.53
Vanguard Australian Shares ETF	0.13
BHP Group Ltd	1.02
Commonwealth Bank of Australia	1.01
CSL Ltd	0.65
National Australia Bank Ltd	0.58
Westpac Banking Corp	0.51
Wesfarmers Ltd	0.43
Goodman Group	0.41
ANZ Group Holdings Ltd	0.39
Macquarie Group Ltd	0.35
Telstra Group Ltd	0.31
Rio Tinto Ltd	0.29
Woolworths Group Ltd	0.29
Aristocrat Leisure Ltd	0.27
Transurban Group	0.25
WiseTech Global Ltd	0.25
Woodside Energy Group Ltd	0.24
Fortescue Ltd	0.20
James Hardie Industries PLC ADR	0.20
Bendigo and Adelaide Bank Ltd	0.19
Suncorp Group Ltd	0.18
Fisher & Paykel Healthcare Corp Ltd	0.18
Medibank Private Ltd	0.17
Newmont Corp Chess Depository Interest	0.17
Cleanaway Waste Management Ltd	0.16
Origin Energy Ltd	0.16
Seven Group Holdings Ltd	0.14
Santos Ltd	0.14
Ansell Ltd	0.14
Incitec Pivot Ltd	0.14
Ampol Ltd	0.12

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