

Cornerstone Growth Managed Portfolio - Funds Only



The portfolio returned -0.18%^a in the June quarter. Our global equity exposure generated both negative absolute and benchmark-relative performance over the period. In contrast, our Australian equity exposure delivered positive absolute returns for the quarter; though excess returns were slightly below the benchmark. In terms of fixed income, the Russell Investments International Bond Fund – \$A Hedged and the Russell Investments Australian Bond Fund outperformed their respective benchmarks. However, absolute returns were slightly negative. Meanwhile, Australian private credit manager Metrics Credit and the Russell Investments Australian Floating Rate Fund continued to perform well.

Portfolio objective

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

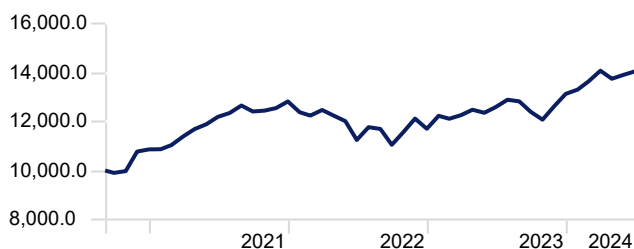
Main market highlights

Global share markets made only modest gains in the June quarter. Much of the gains continued to be driven by 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% throughout the period. Speaking after the Bank's June gathering, Chairman Jerome Powell said that while inflation has eased considerably from its peak, it nonetheless remains too high, and that policymakers do not yet have the confidence to begin lowering interest rates. However, he did reaffirm his belief that current monetary policy is sufficiently restrictive to achieve the Bank's inflation goal. Encouragingly, the latest inflation figures showed an easing in consumer prices between April and May. At the time of writing, the market was fully priced for a first Fed rate cut in November. Elsewhere, the European Central Bank cut interest rates in June; the Bank lowering its main refinancing rate by 0.25% (to 4.25%). However, the Bank gave no indication of the timing of its next move. Meantime, both the Bank of England and the Bank of Japan left their respective benchmark policy rates unchanged over the period. Australian shares underperformed their global counterparts; the local market falling on expectations domestic interest rates will remain higher for longer amid stubbornly high inflation.

Both global and domestic bonds were weaker for the quarter, albeit modestly.

Growth of \$10,000

Time Period: 7/09/2020 to 30/06/2024



Performance Review

As of Date: 30/06/2024

	Return
1 Month	1.02
3 Months	-0.18
1 Year	11.59
2 Years	11.75
3 Years	4.84
YTD	7.00
Since Inception	9.33

Inception date: 7/09/2020

^aThis 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.

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.

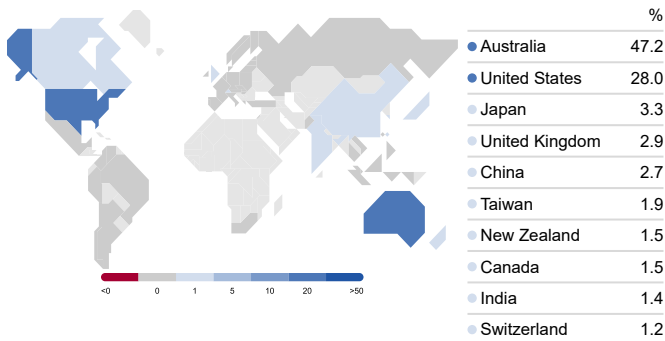
We retain the same themes as recent months, i.e. a preference for less expensive equity markets versus US equities and a peer-relative overweight to the value factor.

Cornerstone Growth Managed Portfolio - Funds Only



Country Exposure

Portfolio Date: 30/06/2024



Main portfolio highlights

In terms of Australian equity managers, Allan Gray underperformed its benchmark, driven by overweights to Fletcher Building, Sims Ltd. and Orora. Platypus also underperformed its benchmark over the period; due in part to the manager's overweights to Afterpay owner Block, James Hardie Industries and plumbing supplies group Reece Ltd. In contrast, Ausbil outperformed its benchmark, benefiting from overweights to Origin Energy and gaming machine maker Aristocrat Leisure. Firetrail also performed well over the period; the manager benefiting from overweights to gold miner Newmont Corp., diversified miner South32 and Lynas Rare Earths.

With regard to global equity managers, Japan equity specialist Nissay Asset Management underperformed its benchmark, driven in part by overweights to pharmaceutical company Nippon Shinyaku Co., travel agency H.I.S. Co. and Nagoya Railroad Co. Brandywine and European growth manager Joh Berenberg, Gossler & Co. KG also underperformed. In contrast, value manager Sanders outperformed its benchmark over the period, benefiting from a material overweight to Taiwan Semiconductor Manufacturing Co. Overweights to Google parent Alphabet and Dutch bank ING Groep N.V. added further value. Emerging markets specialist Redwheel (formerly RWC Partners) also performed well.

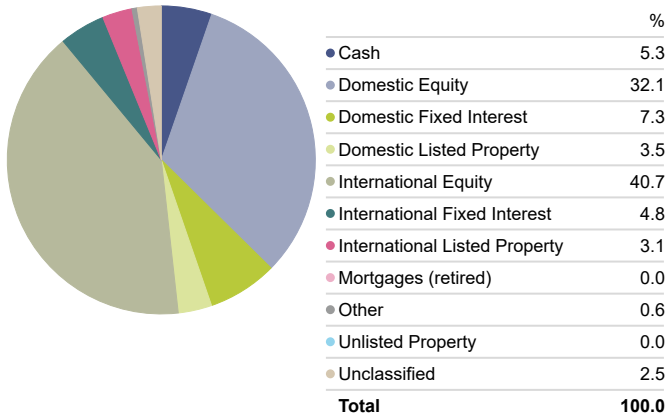
In May, we trimmed some exposure to Australian real estate investment trusts (A-REITs) via Vanguard's Australian Property Fund in favour of global real estate investment trusts (G-REITs), which we increased via Vanguard's International Property Securities Fund. A-REITs had performed very well, due largely to the performance of the market's biggest constituent, industrial property giant Goodman Group. Moreover, A-REITs had outperformed both G-REITs and Australian equities in that time. We believe G-REITs demonstrate a more compelling opportunity across our 'cycle, valuation and sentiment' process, which we consider when making dynamic asset allocation decisions.

In June, we took the opportunity to increase our US Treasury exposure in response to rising government bond yields. In particular, we increased exposure to the two-year part of the yield curve. Our decision to add to the shorter end of the yield curve was driven by the relatively higher yields on offer when compared to the longer end. In addition, bonds at the shorter end of the yield curve tend to be less sensitive to changes in interest rates.

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

Asset Allocation

Portfolio Date: 30/06/2024



Long-term investing: Positioning for 5 years and beyond

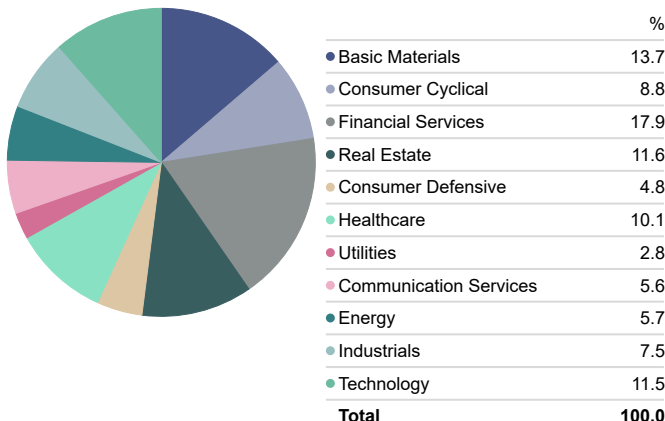
The portfolio has a long-term asset allocation of 90% to return generating assets (including high yield debt and other extended fixed income). Growth asset valuations have increased year to date but are below pre-pandemic levels. Long-term, forward-looking return expectations for US shares and high-yield 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 10% 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 as per our researched beliefs.

Sector Allocation

Portfolio Date: 30/06/2024



Cornerstone Growth Managed Portfolio - Funds Only

cornerstone

investblue
it's possible.

Detailed Asset Allocation

Portfolio Date: 30/06/2024

	Portfolio Weighting %
Russell Inv Multi-Asset Growth StratPlus	24.76
AMP International Equity Index	12.46
AMP Australian Equity Index	11.32
Vanguard International Shrs Idx Hdg AUD	8.87
Russell Global Opportunities A	8.25
Ausbil 130/30 Focus - Wholesale	5.60
Allan Gray Australia Equity A	5.02
Vanguard Emerging Markets Shares Index	3.97
Platypus Australian Equities - Wholesale	3.64
Macquarie Cash Fund - Class M Units	2.50
AMP Australian Fixed Interest Index	2.47
Firetrail Australian High Conviction	2.45
AMP International Property Index Hdg	2.42
Vanguard Global Infrastructure Index Hgd	2.28
AMP Australian Property Index	2.23
AMP International Fixed Intst Idx Hdg	0.38

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 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

Important information

This brochure contains information that is general in nature. It does not take into account the objectives, financial situation or needs of any particular person. You need to consider your financial situation and needs before making any decisions based on this information. Invest Blue Pty Ltd (ABN 91 100 874 744) and Subsidiaries trading as Invest Blue, is an Authorised Representative and Credit Representative of AMP Financial Planning Pty Limited ABN 89 051 208 327, Australian Financial Services Licence and Australian Credit Licence No. 232706.

© 2024 Morningstar, Inc. All rights reserved. Neither Morningstar, its affiliates, nor their content providers guarantee the data or content contained herein to be accurate, complete, or timely nor will they have any liability for its use or distribution. Any general advice or 'regulated financial advice' under New Zealand law has been prepared by Morningstar Australasia Pty Ltd (ABN: 95 090 665 544, AFSL: 240892) and/or Morningstar Research Ltd, subsidiaries of Morningstar, Inc, without reference to your objectives, financial situation or needs. For more information refer to our Financial Services Guide (AU) and Financial Advice Provider Disclosure Statement (NZ) at www.morningstar.com.au/s/fsg.pdf and www.morningstar.com.au/mca/s/fapds.pdf. You should consider the advice in light of these matters and if applicable, the relevant Product Disclosure Statements before making any decision to invest. Our publications, ratings and products should be reviewed as an additional investment resource, not as your sole source of information. Morningstar's full research reports are the source of any Morningstar Ratings and are available from Morningstar or your adviser. Past performance does not necessarily indicate a financial product's future performance. To obtain advice tailored to your situation, contact a professional adviser. Some material is copyright and published under licence from ASX Operations Pty Ltd ACN 004 523 782.