

# Cornerstone High Growth Plus Managed Portfolio - Core Model

cornerstone

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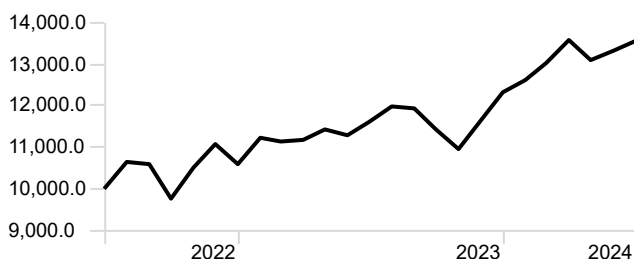
The portfolio returned -0.21%<sup>^</sup> in the June quarter. High exposure to listed growth assets – notably global and Australian equities – remains the predominant driver of returns. The Russell Investments Global Opportunities Fund generated both negative absolute and benchmark-relative performance over the period. In contrast, our direct Australian equity portfolio delivered positive absolute and excess returns for the quarter.

## Portfolio objective

To provide capital growth over the long term consistent with a portfolio focusing solely on growth assets, while accepting fluctuations in capital values in the medium term. The portfolio typically has exposure to growth investments of around 120% as the allocation to geared investment strategies will generally be 20% of the portfolio.

## Growth of \$10,000

Time Period: 30/06/2022 to 30/06/2024



## Portfolio strategy

The portfolio typically invests in a diversified investment mix with exposure to approximately 120% (including exposure to geared investments) growth investments such as Australian shares, international shares, property and alternatives. The allocations to geared investment strategies will generally be 20% of the portfolio. The allocations will be actively managed within the allowable ranges depending on market conditions. The portfolio combines multi-manager strategies with ETFs and direct shares including exposure to geared investments. Russell Investments adopts a globally consistent, research-based approach to long-term asset allocation, active manager selection, multi-factor investing and dynamic portfolio management.

## Performance Review

As of Date: 30/06/2024

	Return
1 Month	1.75
3 Months	-0.21
1 Year	16.75
2 Years	16.43
3 Years	—
YTD	10.00
Since Inception	16.43

Inception date: 30/06/2022

## 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.

<sup>^</sup>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.

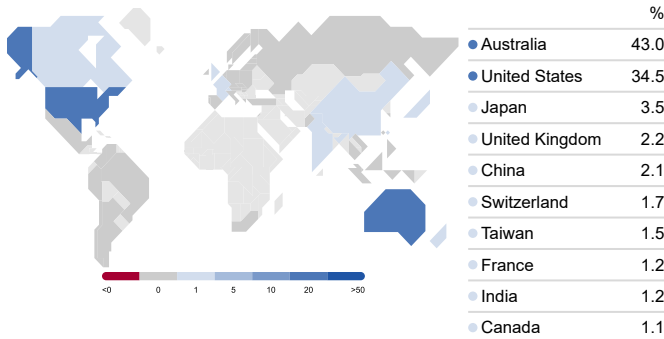
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## Country Exposure

Portfolio Date: 30/06/2024



## 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 an overweight to Bendigo and Adelaide Bank and an underweight to QBE Insurance. An underweight to the poor-performing real estate space also added value; though the portfolio did benefit from an overweight to industrial property giant Goodman Group. Stock selection within the healthcare sector added further value over the period; notably an overweight to New Zealand's Fisher & Paykel Healthcare, which climbed almost 20% for the quarter. In contrast, stock selection within the energy space detracted from overall performance. This included an overweight to Ampol and a nil exposure to Whitehaven Coal, which rose on the back of higher coal prices.

In terms of 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.

There were no material positional changes in May.

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

	%
● Cash	2.7
● Domestic Equity	50.2
● Property and Infrastructure	10.7
● International Equity	58.4
<b>Total</b>	<b>121.9</b>

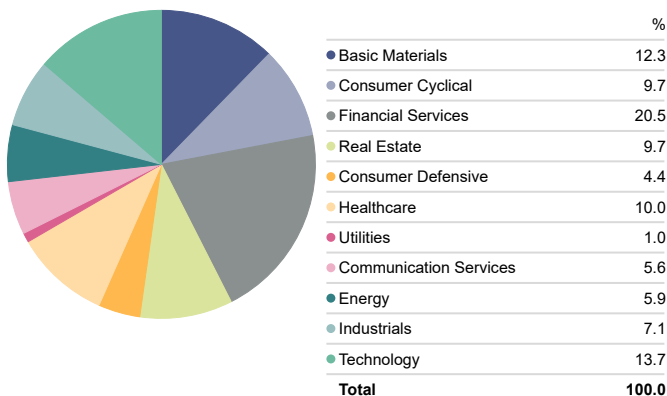
## Dynamic positioning: Managing positions over the next 12-18 months

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.

## Sector Allocation

Portfolio Date: 30/06/2024



## Long-term investing: Positioning for 5 years and beyond

The portfolio has a long-term asset allocation of 120% to return generating assets (including Australian and global equities, property and infrastructure).

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## Detailed Asset Allocation

Portfolio Date: 30/06/2024

	Portfolio Weighting %
Russell Global Opportunities A	16.60
Vanguard MSCI Intl (Hdg) ETF	12.93
CFS FC-Acadian Geared Sustain Global Eq	6.78
Ausbil Australian Geared Equity	5.82
Vanguard Australian Property Secs ETF	4.29
Perpetual Geared Australian	4.21
Vanguard US Total Market Shares ETF	4.21
Vanguard All-World ex-US Shares ETF	4.17
Russell Global Listed Infr \$A Hedged	3.38
CFS Geared Share	3.09
Vanguard International Prpty Secs IdxHdg	3.00
Vanguard FTSE Emerging Markets Shrs ETF	2.96
Vanguard MSCI Australian Small Coms ETF	2.81
Vanguard Global Value Equity Active ETF	1.50
iShares S&P Small-Cap ETF	0.91
iShares Core Cash ETF	0.90
Vanguard Australian Shares ETF	0.31
BHP Group Ltd	2.30
Commonwealth Bank of Australia	2.10
CSL Ltd	1.35
National Australia Bank Ltd	1.21
Westpac Banking Corp	1.06
ANZ Group Holdings Ltd	0.87
Goodman Group	0.83
Wesfarmers Ltd	0.82
Macquarie Group Ltd	0.78
Rio Tinto Ltd	0.66
Telstra Group Ltd	0.64
Woolworths Group Ltd	0.62
Woodside Energy Group Ltd	0.54
WiseTech Global Ltd	0.53
Transurban Group	0.53
Aristocrat Leisure Ltd	0.52
Fortescue Ltd	0.48
Suncorp Group Ltd	0.40
Bendigo and Adelaide Bank Ltd	0.40
James Hardie Industries PLC	0.37
Origin Energy Ltd	0.37
Fisher & Paykel Healthcare Corp Ltd	0.36
Medibank Private Ltd	0.35
Cleanaway Waste Management Ltd	0.34
Newmont Corp Chess Depository Interest	0.33
Incitec Pivot Ltd	0.31
Ansell Ltd	0.31
Santos Ltd	0.30
Seven Group Holdings Ltd	0.30
Ampol Ltd	0.27

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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[russellinvestments.com.au/cornerstone](https://russellinvestments.com.au/cornerstone) or contact your Invest Blue representative: 1300 346 837

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