

# Cornerstone Strategic Index Balanced Managed Portfolio



The portfolio returned -0.15%<sup>^</sup> in the June quarter. Performance was mixed across the major asset classes.

## Portfolio objective

The portfolio aims to provide returns over the medium term, with moderate volatility, consistent with a diversified mix of defensive and growth-oriented assets. The portfolio aims to perform in line with the benchmark over the long term, after fees.

## Growth of \$10,000

Time Period: 30/04/2022 to 30/06/2024



## Performance Review

As of Date: 30/06/2024

	Return
1 Month	1.13
3 Months	-0.14
1 Year	9.70
2 Years	8.41
3 Years	—
YTD	4.31
Since Inception	4.71

Inception date: 30/04/2022

## Main portfolio highlights

Traditional fixed income assets like government bonds were weaker for the quarter against a backdrop of rising yields, while corporate bonds were relatively flat. Higher bond yields also weighed on the portfolio's global and Australian listed property exposures. Both our global equities exposure and the direct Australian equity portfolio delivered positive returns over the period. Emerging markets were also stronger, outperforming their developed counterparts.

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.

More broadly, 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.

There were no material positional changes over the period.

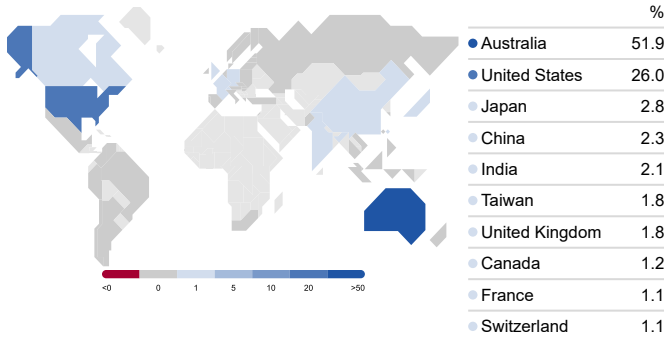
<sup>^</sup>This performance is net of management fees for both the Managed Portfolio and the underlying managers' fees and costs. It does not take into account any third party platform fees charged to individual investors or transaction costs (including buy/sell spreads and brokerage fees). It assumes 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.

# Cornerstone Strategic Index Balanced Managed Portfolio

## Country Exposure

Portfolio Date: 30/06/2024



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

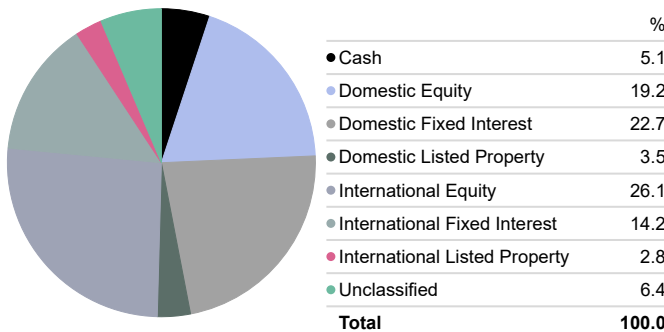
**The portfolio has a long-term asset allocation of 50% to growth assets.** Growth asset valuations have increased year to date but are below pre-pandemic levels. Long-term, forward-looking return expectations for US shares and high-yield debt have moderated. The economic outlook creates uncertainty 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 50% 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.

**Strategically, the portfolio has positions in cheaper and higher momentum securities per our research.**

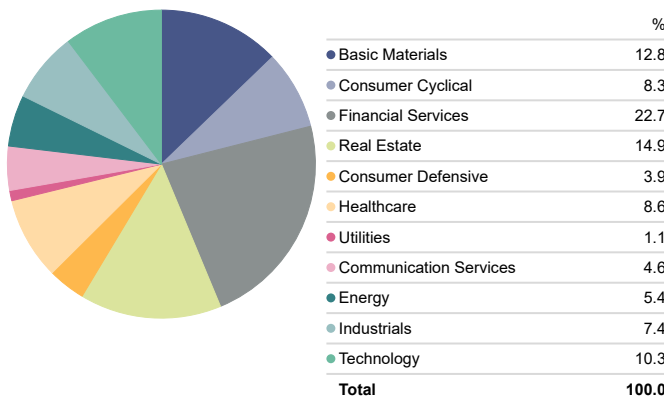
## Asset Allocation

Portfolio Date: 30/06/2024



## Sector Allocation

Portfolio Date: 30/06/2024



# Cornerstone Strategic Index Balanced Managed Portfolio



## Detailed Asset Allocation

Portfolio Date: 30/06/2024

	Portfolio Weighting %
Russell Inv Australian Government Bd ETF	13.45
AMP International Fixed Intst Idx Hdg	11.89
Vanguard MSCI Intl (Hdg) ETF	9.39
AMP International Equity Index	8.60
Russell Inv Australian Semi-Govt Bd ETF	6.60
Macquarie Cash Fund - Class M Units	6.42
iShares Core Cash ETF	3.31
Vanguard FTSE Emerging Markets Shrs ETF	2.99
Vanguard All-World ex-US Shares ETF	2.77
iShares Core S&P/ASX 200 ETF	2.75
AMP Australian Property Index	2.50
AMP International Property Index Hdg	2.44
Russell Inv Australian Select CorpBd ETF	2.39
iShares S&P/ASX Small Ordinaries ETF	2.21
Vanguard Intl Credit Secs (Hdg) ETF	1.81
Vanguard Global Value Equity Active ETF	1.16
iShares S&P Small-Cap ETF	1.08
iShares JP Morgan USD EmMkts Bd AUDH ETF	0.94
BHP Group Ltd	1.82
Commonwealth Bank of Australia	1.66
CSL Ltd	1.07
National Australia Bank Ltd	0.96
Westpac Banking Corp	0.84
ANZ Group Holdings Ltd	0.68
Goodman Group	0.65
Wesfarmers Ltd	0.64
Macquarie Group Ltd	0.62
Rio Tinto Ltd	0.52
Telstra Group Ltd	0.50
Woolworths Group Ltd	0.48
Woodside Energy Group Ltd	0.43
WiseTech Global Ltd	0.42
Transurban Group	0.41
Aristocrat Leisure Ltd	0.41
Fortescue Ltd	0.38
Suncorp Group Ltd	0.32
Bendigo and Adelaide Bank Ltd	0.31
James Hardie Industries PLC	0.30
Origin Energy Ltd	0.30
Fisher & Paykel Healthcare Corp Ltd	0.29
Medibank Private Ltd	0.28
Cleanaway Waste Management Ltd	0.27
Newmont Corp Chess Depository Interest	0.26
Incitec Pivot Ltd	0.25
Ansell Ltd	0.24
Seven Group Holdings Ltd	0.24
Santos Ltd	0.23
Ampol Ltd	0.22

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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