Cornerstone Strategic Index Balanced Managed Portfolio

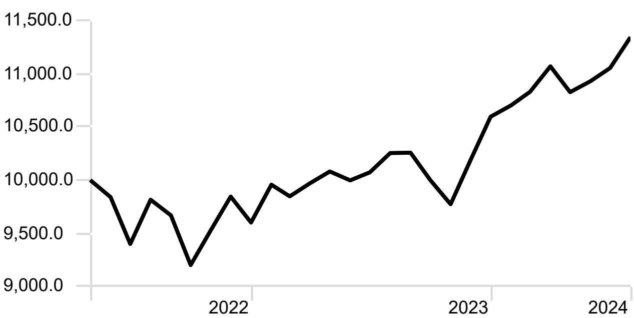
The portfolio returned 2.62%^ in July. Performance was positive across the major asset classes.

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 31/07/2024



Performance Review

As of Date: 31/07/2024

	Return
1 Month	2.62
3 Months	4.76
1 Year	10.59
2 Years	7.48
3 Years	—
YTD	7.04
Since Inception	5.74

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.

Main portfolio highlights

Both our global equities exposure and the direct Australian equity portfolio delivered positive returns over the period. Emerging markets were also stronger, though they did underperform their developed counterparts in July. Traditional fixed income assets like government bonds were positive for the month against a backdrop of falling yields. Lower government bond yields also contributed to strong gains across the portfolio's global and Australian listed property assets.

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.

More broadly, 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. Speaking after the Bank's meeting, Chairman Jerome Powell noted that whilst officials hadn't made any decisions about future meetings, they now had greater confidence that inflation would 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% over the same period. 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. Share markets also benefited from a series of mostly positive corporate updates and a decline in longer-term government bond yields. 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.

During the period, 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.

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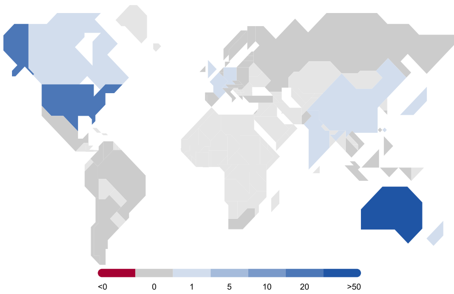
Country Exposure

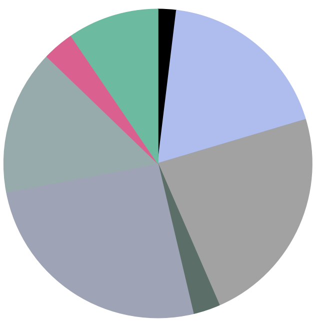
Portfolio Date: 31/07/2024



	%
Australia	50.9
United States	26.4
Japan	2.7
China	2.5
India	2.3
Taiwan	2.0
United Kingdom	1.7
Canada	1.2
France	1.1
New Zealand	1.0

Asset Allocation

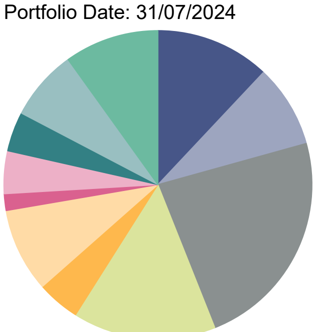
Portfolio Date: 31/07/2024



	%
Cash	1.9
Domestic Equity	18.5
Domestic Fixed Interest	23.1
Domestic Listed Property	2.8
International Equity	25.7
International Fixed Interest	15.2
International Listed Property	3.3
Unclassified	9.5
Total	**100.0**

Sector Allocation

Portfolio Date: 31/07/2024



	%
Basic Materials	12.0
Consumer Cyclical	8.7
Financial Services	23.3
Real Estate	15.0
Consumer Defensive	4.5
Healthcare	8.8
Utilities	1.7
Communication Services	4.5
Energy	4.1
Industrials	7.4
Technology	9.9
Total	**100.0**

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.

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Detailed Asset Allocation

Portfolio Date: 31/07/2024

	Portfolio Weighting %
Russell Inv Australian Government Bd ETF	13.84
AMP International Fixed Intst Idx Hdg	12.83
Macquarie Cash Fund - Class M Units	9.52
AMP International Equity Index	9.44
Vanguard MSCI Intl (Hdg) ETF	8.30
Russell Inv Australian Semi-Govt Bd ETF	6.63
Vanguard FTSE Emerging Markets Shrs ETF	3.26
AMP International Property Index Hdg	2.86
iShares Core S&P/ASX 200 ETF	2.49
Vanguard All-World ex-US Shares ETF	2.47
Russell Inv Australian Select CorpBd ETF	2.36
iShares S&P/ASX Small Ordinaries ETF	2.27
AMP Australian Property Index	2.13
Vanguard Intl Credit Secs (Hdg) ETF	1.80
Vanguard Global Value Equity Active ETF	1.16
iShares S&P Small-Cap ETF	1.14
iShares JP Morgan USD EmMkts Bd AUDH ETF	0.91
BHP Group Ltd	1.64
Commonwealth Bank of Australia	1.29
CSL Ltd	1.16
National Australia Bank Ltd	0.87
Westpac Banking Corp	0.81
ANZ Group Holdings Ltd	0.73
Wesfarmers Ltd	0.62
Macquarie Group Ltd	0.56
Transurban Group	0.56
QBE Insurance Group Ltd	0.53
Rio Tinto Ltd	0.51
Telstra Group Ltd	0.43
Goodman Group	0.40
Woodside Energy Group Ltd	0.38
James Hardie Industries PLC ADR	0.36
Seven Group Holdings Ltd	0.36
Fortescue Ltd	0.35
Metcash Ltd	0.35
WiseTech Global Ltd	0.35
Woolworths Group Ltd	0.35
Bendigo and Adelaide Bank Ltd	0.31
Fisher & Paykel Healthcare Corp Ltd	0.30
Aristocrat Leisure Ltd	0.29
Origin Energy Ltd	0.26
Santos Ltd	0.26
Suncorp Group Ltd	0.26
JB Hi Fi Ltd	0.25
Medibank Private Ltd	0.24
Newmont Corp Chess Depository Interest	0.24
Pro Medicus Ltd	0.24

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

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