

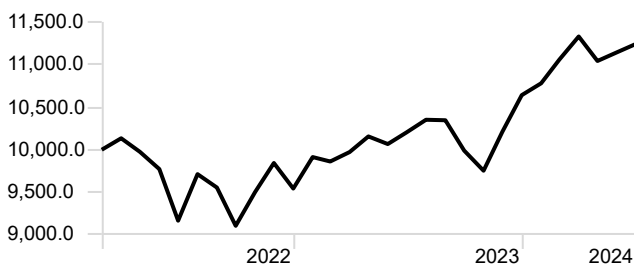
# Cornerstone Sustainable Balanced Growth Managed Portfolio



The portfolio returned -0.78%<sup>^</sup> in the June quarter. The direct Australian equity ESG portfolio underperformed its benchmark over the period. Traditional fixed income assets like government bonds were weaker 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. Our global equities and emerging markets exposures delivered positive returns for the quarter.

## Growth of \$10,000

Time Period: 28/02/2022 to 30/06/2024



## Performance Review

As of Date: 30/06/2024

	Return
1 Month	0.87
3 Months	-0.78
1 Year	10.16
2 Years	10.72
3 Years	—
YTD	5.64
Since Inception	5.14

Inception date: 28/02/2022

<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.

## Portfolio objective

To provide returns over the medium to long term, with moderate to high volatility, consistent with a portfolio focusing on diversified mix of growth-oriented assets and defensive assets. The portfolio aims to provide exposure to predominantly sustainable investment strategies and outperform the benchmark, after fees, over a rolling five year period.

## Portfolio strategy

The portfolio typically invests with around 70% exposure to growth investments (such as Australian shares, International shares, property and alternatives) and around 30% exposure to defensive investments (such as cash and fixed interest) over the long term. The allocations are actively managed within the allowable ranges, depending on market conditions.

## Main market highlights

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.

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

**The portfolio has a long-term asset allocation of 70% 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 30% 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.

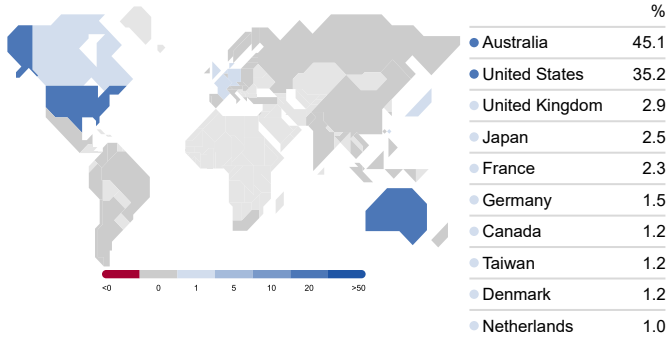
**Strategically, the portfolio has positions in cheaper and higher momentum securities per our research.**

# Cornerstone Sustainable Balanced Growth Managed Portfolio



## Country Exposure

Portfolio Date: 30/06/2024



## Main portfolio highlights

The direct Australian equity ESG portfolio underperformed its benchmark, driven largely by stock selection within the materials, industrials and healthcare sectors. Amongst materials, an overweight to James Hardie Industries weighed the most on returns, while in the healthcare space a sizable overweight to Sonic Healthcare was the main detractor. Within industrials, a large overweight to Brambles, which manages the world's largest pool of reusable pallets, crates and containers, weighed on overall performance.

Mirova's Global Sustainable Equity No.2 Fund outperformed its benchmark, benefiting in part from stock selection within the materials space; notably overweights to Air Liquide and Ball Corp. Stock selection amongst utilities also added value; including an overweight to American Water Works and Spanish renewable energy company Iberdrola SA.

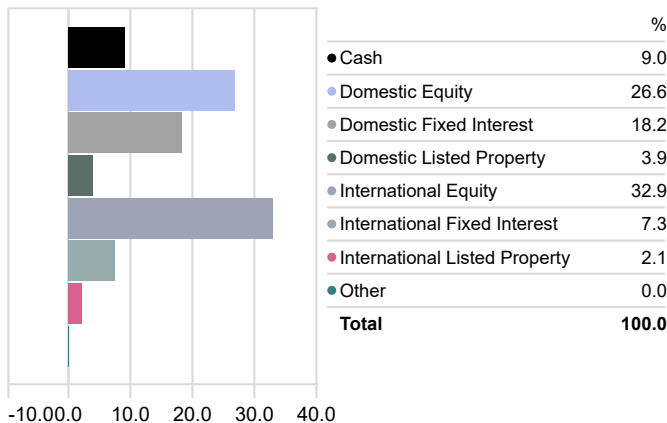
The Russell Investments Low Carbon Global Shares Fund narrowly outperformed its benchmark, benefiting from positioning within the healthcare sector; including an overweight to US biotech company Intuitive Surgical. The Fund's structural underweight to the poor-performing energy space and its exclusion of companies involved in defence contracting also added value.

The Impax Sustainable Leaders strategy underperformed its benchmark, driven in part by stock selection within the healthcare sector. This included overweights to US consumer electronics company Agilent Technologies and laboratory testing provider Eurofins Scientific. A material overweight to the poor-performing industrials space also weighed on returns.

There were no material positional changes over the period.

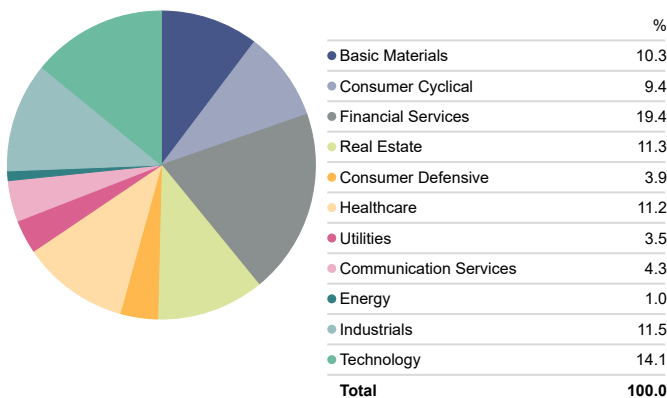
## Asset Allocation

Portfolio Date: 30/06/2024



## Sector Allocation

Portfolio Date: 30/06/2024



# Cornerstone Sustainable Balanced Growth Managed Portfolio



## Detailed Asset Allocation

Portfolio Date: 30/06/2024

	Portfolio Weighting %
Russell Invmts Low Carbon Glb Shrs AUDH	8.82
Pendal Sustainable Aust Fixed Interest	8.40
Mirova Global Sustainable Equity Fund	7.65
Russell Invmts Low Carbon Glb Shrs A	7.34
Impax Sustainable Leaders Fund A	6.74
Vanguard Etclly Cons Gbl Aggt Bd H ETF	5.95
iShares Core Cash ETF	5.39
Perpetual ESG Australia Share	4.13
Altius Sustainable Short Term Income Ord	3.93
Altius Green Bond Ordinary	3.72
Ausbil Active Sustainable Equity	3.32
Alphinity Sustainable Share	3.21
Vanguard Australian Property Secs ETF	2.97
Russell Intl Property Secs Hedged A	2.55
First Sentier Responsible Listed Infrs	2.22
Ardea Real Outcome Fund	1.80
Robeco SDG Credit Income (AUD Hdg) C	1.31
Regnan Credit Impact Trust	0.98
Commonwealth Bank of Australia	1.86
CSL Ltd	1.30
National Australia Bank Ltd	1.22
ANZ Group Holdings Ltd	1.06
Westpac Banking Corp	1.05
Wesfarmers Ltd	1.04
Rio Tinto Ltd	0.75
Telstra Group Ltd	0.75
Brambles Ltd	0.59
Fortescue Ltd	0.58
JB Hi Fi Ltd	0.57
Goodman Group	0.54
QBE Insurance Group Ltd	0.53
Woolworths Group Ltd	0.49
Transurban Group	0.49
Sonic Healthcare Ltd	0.46
Technology One Ltd	0.43
BlueScope Steel Ltd	0.43
WiseTech Global Ltd	0.42
Amcor PLC	0.41
James Hardie Industries PLC	0.38
Macquarie Group Ltd	0.37
Medibank Private Ltd	0.35
Northern Star Resources Ltd	0.34
Coles Group Ltd	0.33
Evolution Mining Ltd	0.28
Stockland Corp Ltd	0.26
Iluka Resources Ltd	0.26
Lynas Rare Earths Ltd	0.25
Pilbara Minerals Ltd	0.21

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 Sustainable Balanced Growth Managed Portfolio



For more information please visit our website:

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

## Important information

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