

Sestante ESG Focus Dynamic Balanced Portfolio Monthly Investment Report



As of 31/10/2023

Latest Performance*

	1-mth	3-mths	1-yr	3-yr	Inception
ESG Focus Balanced	-2.02	-4.57	4.93	—	5.86
RBA Cash Rate + 3.5% p.a.	0.65	1.93	7.39	5.10	6.96

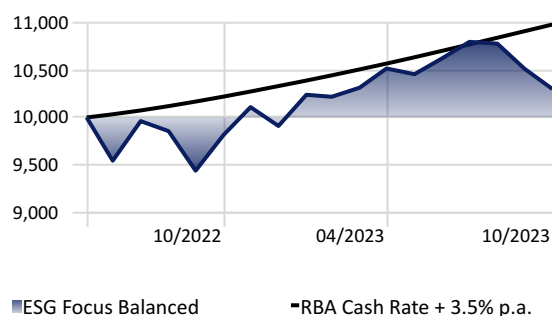
Market Review

As of the end of October, the Australian equity market was down 3.8% due to growing concerns about interest rate hikes from the Reserve Bank of Australia (RBA). Despite the RBA's decision to keep interest rates on hold at its October meeting, fears of further rate hikes were fuelled by stronger-than-expected inflation, employment, and retail sales data. In the same vein, Australian treasury bond yields trended higher in October due to fears of higher inflation, resulting in a negative 1.9% return for Australian fixed interest. Global equity suffered a downturn (-1.09%), with stock markets experiencing a modest correction until the last few days of the month. This correction was primarily due to rising rates on the long end of the yield curve, as bonds became an increasingly attractive alternative to equities. International fixed interest experienced a decline of 0.83%, with interest rates on the long end of the US yield curve continuing to rise, albeit at a more moderate pace than in the previous three months. The outbreak of the conflict in Palestine led to a moderate retracement of rates due to fears of an escalation involving other Middle Eastern countries. When this risk appeared to subside, rates rose to new highs on the back of solid US macroeconomic data, particularly on the labour market, consumption, GDP, and inflation. The US yield curve flattened and even briefly inverted in the 2-30 year range. Global infrastructure delivered negative 1.17% amid higher long-term bond yields, the uncertain macroeconomic landscape with recent geopolitical developments introducing potential external risks to economic prospects and market sentiment. In terms of currency, the AUD was down against the USD in October due to a divergence of monetary policies between Australia and the US, as well as a weaker Chinese economy.

For a detailed market review and outlook, please refer to the Monthly Market Commentary document available on www.azsestante.com/investment-options



\$10,000 invested over time



Portfolio information

- **Investment objective:**
To deliver outperformance of RBA cash +3.5% per annum after fees over a rolling 5-year period.
- **Suggested minimum timeframe:**
6 years
- 70% Growth / 30% Defensive
- **Portfolio inception date:**
1 June 2022

Sustainability Score

● ESG Focus Balanced

Corporate Sustainability Score



Sovereign Sustainability Score



ESG Pillar Score



4.8

Environmental



8.2

Social



6.3

Governance



1.6

Unallocated

Major Index Returns

	1 Month	3 Months	6 Months	1 Year	3 Years
S&P/ASX 200 TR AUD	-3.78	-7.19	-5.30	2.95	8.88
MSCI World Ex Australia GR AUD	-0.95	-3.32	3.12	12.31	12.52
Bloomberg AusBond Composite 0+Y TR AUD	-1.85	-2.63	-5.20	-1.18	-4.61
Bloomberg Global Aggregate TR Hdg AUD	-0.83	-2.92	-3.65	0.07	-4.82
ESG Focus Balanced	-2.02	-4.57	-2.04	4.93	—
RBA Cash Rate Target	0.35	1.05	2.09	3.76	1.55
MSCI ACWI Ex USA NR USD	-4.13	-11.35	-7.11	12.07	3.03

Important information

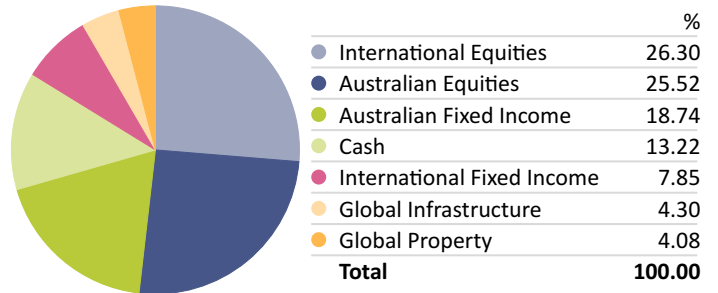
*Past performance is not a reliable indicator of future performance. Performance is calculated before taxes, model management and platform fees and after underlying investment management fees. For full details of fees please refer to the relevant platform offer documents. Performance is notional in nature and an individual investor's actual performance may differ to that of the model portfolio. Investment performance is shown from 1/6/2022 and represents modelled performance only and assumes income received is reinvested.

The Morningstar Historical Corporate Sustainability Score is a weighted average of the trailing 12 months of Morningstar Portfolio Corporate Sustainability Scores. Historical portfolio scores are not equal-weighted; rather, more-recent portfolios are weighted more heavily than older portfolios. Combining the trailing 12 months of portfolio scores adds consistency while still reflecting portfolio managers' current decisions by weighting the most recent portfolio scores more heavily.

ESG pillar scores are displayed as a number between 0 and 100 with most scores range between 0 and 25. It is the asset-weighted average of the company environmental, social, governance risk scores for the covered corporate holdings in a portfolio. The scores measure the degree to which a company's economic value may be at risk driven by environmental, social, and governance factors. The risk represents the unmanaged risk exposure after taking into account a company's management of such risks.

The Portfolio Unallocated ESG Risk Score represents the unmanaged ESG risk exposure to companies assigned an ESG Risk Rating, but whose risk is not decomposed into environmental, social and governance components. Calculated as the asset-weighted average of the company ESG Risk scores for the covered holdings in a portfolio that do not have E/S/G risk scores, unallocated ESG risk is displayed as a number between 0 and 100, where lower is better. Together, the four portfolio pillar score data points- Environmental Risk Score, Social Risk Score, Governance Risk Score, and Unallocated ESG Risk Score- will add up to a portfolio's Sustainability Score.

Current Asset Allocation



Where your funds are invested

International Equities	26.30	—
AXA IM Sustainable Equity	7.45	●●●●●
VanEck MSCI Intl Sust Eq ETF	6.13	●●●●●
Stewart Investors Worldwide Leaders Sust	5.91	●●●●●
BetaShares Global Sstnbty Ldrs ETF Ccv H	4.42	●●●●●
Janus Henderson Global Natural Resources	2.39	●●●●●
Australian Equities	25.52	—
Schroder Australian Equity Fund - PC	7.92	●●●●●
VanEck MSCI AUS Sust Eq ETF	7.90	●●●●●
Alphinity Sustainable Share	5.84	●●●●●
Australian Ethical Australian Shr WS	3.86	●●●●●
Australian Fixed Income	18.74	—
Janus Henderson Tactical Income	7.68	●●●●●
Pendal Sustainable Aust Fixed Interest	6.73	●●●●●
Schroder Absolute Return Income Fund -WC	4.33	●●●●●
Cash	13.22	—
BetaShares Aus High Interest Cash ETF	7.33	—
RBA Cash Rate Target	5.89	—
International Fixed Income	7.85	—
PIMCO ESG Global Bond Fund - Wholesale	4.00	●●●●●
FSI Wholesale Global Credit Income	3.84	●●●●●
Global Infrastructure	4.30	—
4D Global Infrastructure Fund (Unhedged)	4.30	●●●●●
Global Property	4.08	—
Martin Currie Real Income A	4.08	●●●●●
Total	100.00	

Morningstar's Globe Ratings are just one tool that can help investors work out a fund's ESG credentials. A 5 Globe Rating indicates a fund is at the top end of its peer group in terms of sustainability, while a 1 Globe Rating shows it is underperforming on sustainability issues.

Portfolio changes

There are no portfolio changes this month.

Active Asset Allocation: AZ Sestante Model Portfolio vs Investment Policy Target

As of 31/10/2023

