

# Sestante ESG Focus Dynamic Balanced Portfolio Monthly Investment Report



As of 30/11/2023

## Latest Performance\*

	1-mth	3-mths	1-yr	3-yr	Inception
ESG Focus Balanced	3.84	-0.74	5.80	—	8.35
RBA Cash Rate + 3.5% p.a.	0.64	1.93	7.52	5.22	7.02

## Market Review

In November, a new episode unfolded in the bond market, exerting its influence on the equity market against the backdrop of a dynamically shifting global economic landscape. The equity market exhibited strength during this period, marked by the ASX 200 returning an impressive 5%, outpacing the global equity benchmark, which delivered a solid return of 4.3%. Spearheading this rally was the US market, with the S&P 500 outperforming the broad index by a significant margin of 3.5%. Confidence in the market was bolstered by interest rate-sensitive sectors, namely Real Estate (+12%), Technology (+11%), and Consumer Discretionary (+10%), as investors gained assurance in the trajectory of disinflation.

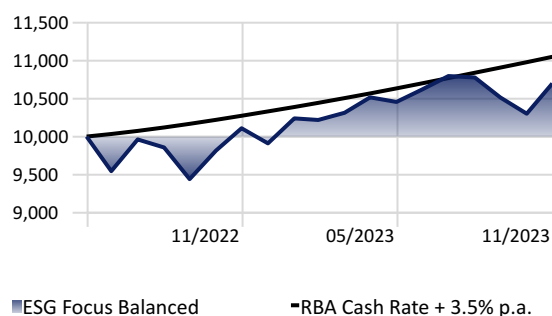
The global economic backdrop in November featured a delicate dance between reduced government borrowing estimates, shifting debt issuance strategies, and pivotal inflation data. The benchmark US 10-year Treasury yield, embarked on a downward trajectory, dropping 50 Bps in the first two weeks of November. This situation was exacerbated by a cooler-than-expected CPI print in mid-November, causing the yield to drop from around 4.6% to 4.4% bolstering the 3.2% November return from Global Fixed Interest. The unexpected comment from Christopher Waller, known for his hawkish views, hinting at the possibility of lowering the policy rate, added another layer of complexity. This unexpected comment not only contributed to a further 20–30 basis points drop in yields but also steered market sentiment towards anticipating more rate cuts from the Fed in 2024. The futures market is now pricing in five rate cuts from the Fed in 2024, representing a meaningful increase from the previous expectation of two cuts just a month ago. On the domestic front, the Reserve Bank of Australia (RBA) maintained the cash rate as expected in the December meeting, with Governor Michele Bullock emphasizing a data-dependent approach amid ongoing inflation uncertainty. Despite the RBA's persistent hawkish stance, the market foresees a softer monetary policy in 2024, driven by challenges in Australian households, including higher mortgage repayments, and considerations of global central bank shifts, especially the Fed. The futures market currently predicts a single rate cut in late 2024. Australian Fixed Interest returned a strong 2.97% return in November.

Over the past two years, the global property sector has been the worst-performing, experiencing a shift in market dynamics from a low to a higher interest rate environment. However, in November, global property witnessed a noteworthy jump of 5.64% as interest rates began to ease, alleviating financing costs.

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



## \$10,000 invested over time

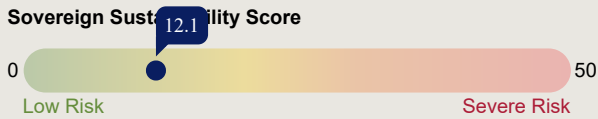
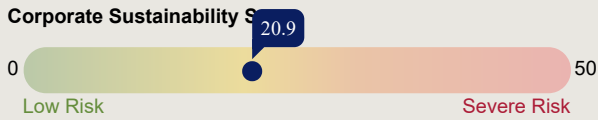


## Portfolio information

- 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



## ESG Pillar Score



## Major Index Returns

	1 Month	3 Months	6 Months	1 Year	3 Years
S&P/ASX 200 TR AUD	5.03	-1.80	2.05	1.45	7.15
MSCI World Ex Australia GR AUD	4.48	-0.62	6.40	14.97	11.47
Bloomberg AusBond Composite 0+Y TR AUD	2.97	-0.47	-1.18	0.20	-3.64
Bloomberg Global Aggregate TR Hdg AUD	3.20	0.46	-0.02	0.89	-3.98
ESG Focus Balanced	3.84	-0.74	2.31	5.80	—
RBA Cash Rate Target	0.36	1.06	2.12	3.89	1.67
MSCI ACWI Ex USA NR USD	9.00	1.20	5.07	9.26	1.67

### Important information

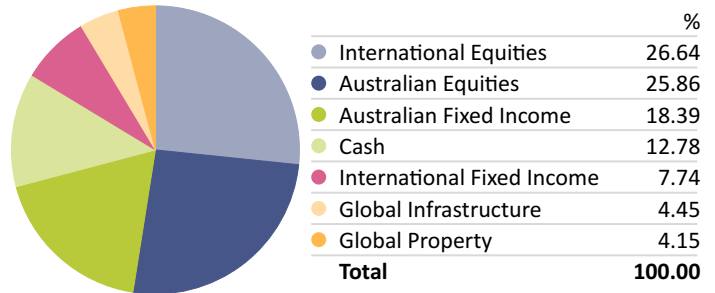
\*Past performance is not a reliable indicator of future performance. Performance is calculated before taxes, model management and platform fees and after underlying investment management fees. For full details of fees please refer to the relevant platform offer documents. Performance is notional in 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

<b>International Equities</b>	<b>26.64</b>	—
AXA IM Sustainable Equity	7.42	●●●●●
VanEck MSCI Intl Sust Eq ETF	6.25	●●●●●
Stewart Investors Worldwide Leaders Sust	5.95	●●●●●
BetaShares Global Sstnbtv Ldrs ETF Ccv H	4.69	●●●●●
Janus Henderson Global Natural Resources	2.33	●●●●●
<b>Australian Equities</b>	<b>25.86</b>	—
VanEck MSCI AUS Sust Eq ETF	8.13	●●●●●
Schroder Australian Equity Fund - PC	7.90	●●●●●
Alphinity Sustainable Share	5.92	●●●●●
Australian Ethical Australian Shr WS	3.91	●●●●●
<b>Australian Fixed Income</b>	<b>18.39</b>	—
Janus Henderson Tactical Income	7.50	●●●●●
Pendal Sustainable Aust Fixed Interest	6.67	●●●●●
Schroder Absolute Return Income Fund -WC	4.22	●●●●●
<b>Cash</b>	<b>12.78</b>	—
BetaShares Aus High Interest Cash ETF	7.08	—
RBA Cash Rate Target	5.69	—
<b>International Fixed Income</b>	<b>7.74</b>	—
PIMCO ESG Global Bond Fund - Wholesale	3.98	●●●●●
FSI Global Credit Income	3.75	●●●●●
<b>Global Infrastructure</b>	<b>4.45</b>	—
4D Global Infrastructure Fund (Unhedged)	4.45	●●●●●
<b>Global Property</b>	<b>4.15</b>	—
Martin Currie Real Income A	4.15	●●●●●
<b>Total</b>	<b>100.00</b>	

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 30/11/2023

