CFS Sestante Index Moderate Portfolio – Super & Pension
Monthly Investment Report

As of 31/01/2024

Latest performance*

	1-mth	3-mths	6-mths	1-yr	Inception
CFS MA Index Moderate Pension	0.85	7.42	3.74	—	7.93
CFS MA Index Moderate Super	0.75	6.59	3.29	—	7.06
RBA Cash Rate + 2% p.a.	0.54	1.62	3.20	6.20	5.77
Morningstar AUS Mod Tgt Alloc NR AUD	0.60	7.37	3.62	5.48	6.64

Market review

For the past two years, the Fed had emphasised its focus solely on restoring price stability even at the expense of sacrificing full employment. In the latest FOMC meeting, however, Powell indicated a rebalancing of the two objectives. If the decline in inflation observed over the past six months is confirmed, the Federal Reserve will consider cutting official rates to prevent the risk of an unnecessary slowdown in economic growth. Powell, therefore, only requested additional time to gain a higher level of confidence that the recent decline in inflation is not transitory particularly due to the robustness of the US economy – before initiating rate cuts. International fixed income slid by -0.3% as markets digested the cautious message from Powell after the latest FOMC meetings.

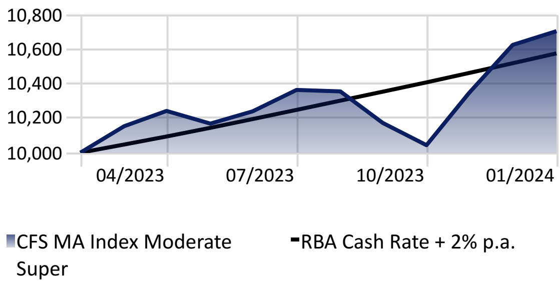
In Australia inflation posted a headline figure of 4.1% annually for the December quarter, uplifting market sentiment. Australian Equity saw a 1.1% return in January, with energy leading the way due to higher oil prices, while materials struggled with weakened demand from China. Investors await further stimulus from the Chinese government. Australian fixed income also experienced a boost (+0.2%) from the encouraging inflation print, which sent the 2-year yield down to 3.64%, offset by a mild increase in the 10-year yield.

The US reporting season kicked off in mid-January, focusing on mega-cap tech companies. The 'Magnificent 7' companies mostly surpassing lofty investor expectations. Meta delivered stellar results and announced its first-ever quarterly dividend, leading to a sharp rally in stock prices. Amazon also exceeded top and bottom-line estimates, expecting continued acceleration in its cloud business in 2024. Alphabet and Apple, while largely meeting expectations, were disappointed on specific issues like sales weakness in China for Apple and a lack of positive surprises at Alphabet. MSCI World IT and Comm Services were the biggest winners in January, delivering 4% and 4.3% returns, respectively, while the MSCI World Index returned 1.2% in USD terms.

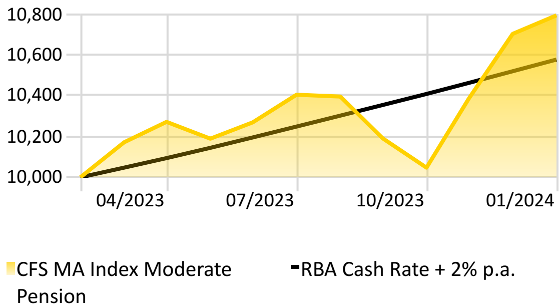
Global listed real estate (AUD hedged) experienced a subdued beginning to the year, returning -3.9%, while global listed infrastructure lost 2.2%. After a robust conclusion to 2023, these asset classes faced setbacks this month owing to a reduction in market optimism for an imminent Fed rate cut influenced by economic data releases. Notably, US GDP, retail sales, and job openings were all stronger than forecast. Moody's downgraded New York Community Bancorp's credit rating to Ba2, below investment grade, citing concerns related to losses tied to commercial real estate. Aside from idiosyncratic risks, there is a belief that the risk of meaningful systemic crisis, or contagion to other commercial lending sectors is low. The main concerns are seen in urban and suburban office properties, but they are deemed manageable, constituting around 2% of average total loans at large banks and around 4% at small and midsize banks. Most banks have increased their allowance for credit losses in this segment to around 8–10% of outstanding loans.

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- Super



$10,000 invested over time- Pension



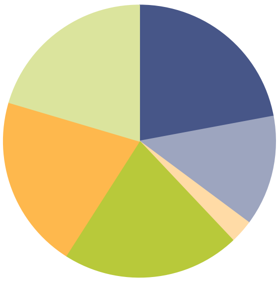
Portfolio information

- Investment Objective:
  Target RBA cash rate +2.0% per annum over rolling 4-year periods after fees.
- Asset Class: Diversified
- Standard Risk Measure: Medium - High
- 40% Growth / 60% Defensive
- Portfolio Inception Date: 1 March 2023
- Estimated Total Cost (before transaction costs and platform fees):

  Super: 0.36%
  Pension: 0.36%

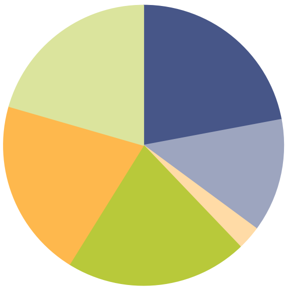
Source: Morningstar Direct

Current Asset Allocation - Super



	%
Cash	22.06
International Fixed Income	13.12
Global Infrastructure	2.79
Australian Fixed Income	21.10
Australian Equities	20.52
International Equities	20.42
Total	**100.00**

Current Asset Allocation - Pension



	%
Cash	22.05
International Fixed Income	13.07
Global Infrastructure	2.75
Australian Fixed Income	20.99
Australian Equities	20.62
International Equities	20.53
Total	**100.00**

Where your funds are invested

Cash	**22.06**	—
CFS FC W PSup-FSI Strategic Cash	22.06	—
Australian Fixed Income	**21.10**	—
CFS FC W PSup-CFS Index Australian Bond	21.10	
Australian Equities	**20.52**	—
CFS FC W PSup-CFS Index Australian Share	20.52	
International Equities	**20.42**	—
CFS FC W PSup-CFS Index Global Share	12.97	
CFS FC W PSup-CFS Index Global Shr-Hgd	7.45	—
International Fixed Income	**13.12**	—
CFS FC W PSup-CFS Index Global Bond	13.12	
Global Infrastructure	**2.79**	—
CFS FC W PSup-CFS Ind Glb List Infr Sec	2.79	
	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
No changes this month

Where your funds are invested

Cash	**22.05**	—
CFS FC W Pen-FSI Strategic Cash	22.05	—
Australian Fixed Income	**20.99**	—
CFS FC W Pen-CFS Index Australian Bond	20.99	
Australian Equities	**20.62**	—
CFS FC W Pen-CFS Index Australian Share	20.62	
International Equities	**20.53**	—
CFS FC W Pen-CFS Index Global Share	13.05	
CFS FC W Pen-CFS Index Global Shr-Hgd	7.48	—
International Fixed Income	**13.07**	—
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Global Infrastructure	**2.75**	—
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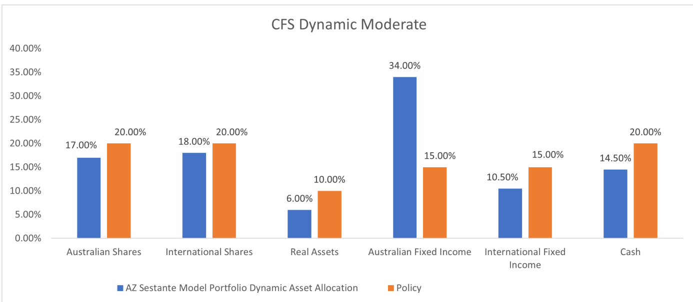
Major Index Returns

	1 Month	3 Months	6 Months	1 Year	3 Years
MSCI World Ex Australia GR AUD	4.54	11.27	7.57	25.73	14.17
Bloomberg AusBond Bank 0+Y TR AUD	0.37	1.09	2.15	4.00	1.83
Bloomberg Global Aggregate TR Hdg AUD	-0.31	5.98	2.89	2.82	-3.02
RBA Cash Rate Target	0.38	1.11	2.18	4.12	1.92
S&P Global Infrastructure NR AUD	-0.08	5.87	-0.90	3.97	10.13

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



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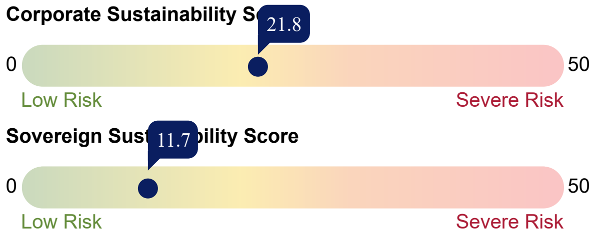
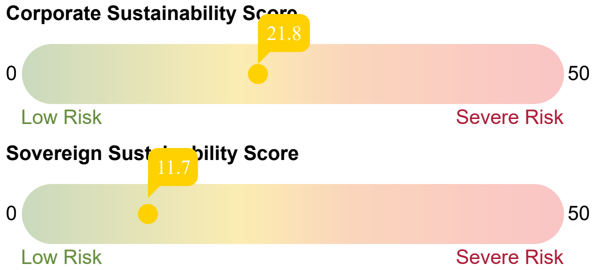
Source: Morningstar Direct

Sustainability Score - Super



● CFS MA Index Moderate Super

Sustainability Score - Pension



● CFS MA Index Moderate Pension

ESG Pillar Score - Super

5.3 Environmental

8.7 Social

6.5 Governance

1.2 Unallocated

ESG Pillar Score - Pension

5.3 Environmental

8.7 Social

6.5 Governance

1.2 Unallocated

AZ SESTANTE

AZ Sestante is a specialist investment consultant focused on designing and managing a range of multi-manager model portfolios via SMAs, MDAs, and fund of funds. Our parent company Azimut is Italy's largest independent asset manager listed on the Italian stock exchange. The group manages over AU$55 billion in assets globally including over AU$6 billion in multi-manager solutions.

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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 the that of the model portfolio. Investment performance is shown from 01/03/23 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.

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