

Sestante Conservative Index Portfolio

Monthly Investment Report

As of 30/06/2024

Latest Performance*

	1-mth	3-mths	1-yr	3-yr	5-yr	Inception
Sestante Conservative Index	0.93	0.34	6.63	1.38	2.21	2.76
RBA Cash Rate +1.5% p.a.	0.49	1.48	6.00	4.06	3.20	3.19

Market Review

International equities continued their positive trend since May, delivering a 1.8% gain in June. The Information Technology sector led the way with an 8% increase, buoyed by gains in US tech giants such as Nvidia (12.6%) and Apple (9.6%). Apple's announcement of several AI integrations, including a partnership with OpenAI, was well-received by the market. Taiwan was the best-performing region in June, thanks to the strong performance of TSMC (18%) and Hon Hai Precision (24%). On the detractor side, Nike experienced a significant decline, dropping over 20% in a single month due to heightened competition and weaker-than-expected US consumer spending.

Despite the Reserve Bank of Australia (RBA) leaving the cash rate unchanged in their June meeting, the possibility of another rate hike remains. The futures market is currently pricing a 50% chance of a rate increase by the end of the year. The RBA's hawkish tone contributed to the Australian Dollar (AUD) strengthening against a basket of currencies, including the US Dollar (USD), resulting in a better performance for international equities on a hedged basis (2.5%). The front end of the Australian yield curve shifted higher, flattening due to the RBA's response and a hotter-than-expected monthly CPI indicator. The spread between 10- and 2-year yields compressed by 13 basis points (bps) during the month, contributing to the positive return of Australian Fixed Interest (0.8%). The long end of semi-government bonds was a major contributor, gaining 2% in June.

Despite a flattening yield curve, which typically indicates a higher risk of recession, Australian equities remained positive, rising 0.9% in June. Large-cap stocks continued to be favoured by investors, while small-cap stocks faced additional pressure from tax-loss selling. The Financials sector gained 5%, with three of the four major banks, plus Macquarie, ending the month in positive territory. However, the Materials sector was a significant drag on the index, declining by 6.5% due to falling commodity prices impacting iron ore and lithium miners.

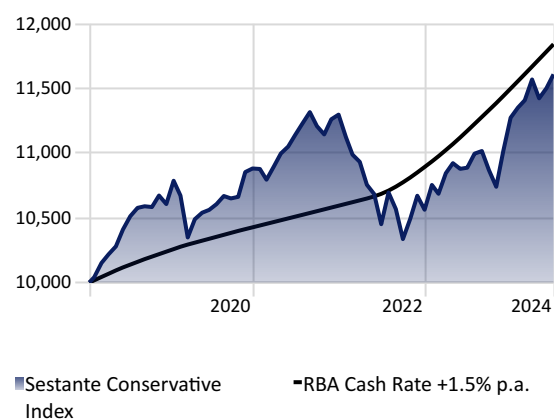
International fixed interest gained 0.6%, marking the second positive month of the quarter. Treasuries led the gains with a 0.8% increase, benefiting from a lower US yield curve, as the US 10-year yield fell by approximately 10 bps amid slowing US inflation. Japan, the second-largest constituent of the index, also contributed to the gain as the Japanese 10-year yield eased slightly. In Europe, French government bonds were sold off amid heightened political risk, causing the spread between German and French bonds to widen by over 33 bps.

Global property had a solid month, rising 1.4% in June, fuelled by continued hopes of a US rate cut later this year, provided the disinflation trend continues. Conversely, global infrastructure had a disappointing June, falling 2.5%, dragged down by US utilities. Investors grew wary of the increased cost of capital, which may impact the ability to maintain current dividend levels, leading to a decline in stock prices.

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: target RBA cash rate +1.5% per annum over rolling 3-year periods after fees.
- Asset Class: Diversified
- 30% Growth / 70% Defensive
- Portfolio Inception Date: 7 February 2019

Sustainability Score

● Sestante Conservative Index

Corporate Sustainability Score

21.2



Sovereign Sustainability Score

11.1



ESG Pillar Score



3.5

Environmental



7.9

Social



5.5

Governance



3.6

Unallocated

Major Index Returns

	1 Month	3 Months	6 Months	1 Year	3 Years
S&P/ASX 200 TR AUD	1.01	-1.05	4.22	12.10	6.37
MSCI World Ex Australia GR AUD	1.64	0.42	14.67	20.49	11.73
Bloomberg AusBond Composite 0+Y TR AUD	0.77	-0.84	0.18	3.68	-2.06
Bloomberg Global Aggregate TR Hdq AUD	0.78	-0.16	-0.48	2.67	-2.74
S&P Global Infrastructure NR AUD	-3.44	-0.04	5.72	5.62	8.82

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 7/2/2019 and represents modelled performance only and assumes income received is reinvested.

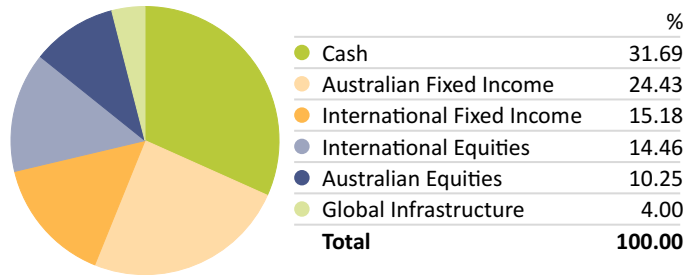
The Morningstar Historical Corporate Sustainability Score is a weighted average of the trailing 12 months of Morningstar Portfolio Corporate Sustainability Scores. Historical portfolio scores are not equal-weighted; rather, more-recent portfolios are weighted more heavily than older portfolios. Combining 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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Current Asset Allocation

Portfolio Date: 30/06/2024



Where your funds are invested

Cash	31.69	—
iShares Core Cash ETF	31.69	—
Australian Fixed Income	24.43	—
iShares Australian Bond Index	24.43	🌐🌐🌐🌐
International Fixed Income	15.18	—
iShares Global Bond Index	15.18	🌐🌐🌐🌐
International Equities	14.46	—
Vanguard All-World ex-US Shares ETF	5.72	🌐🌐🌐🌐
iShares S&P 500 ETF	4.57	🌐🌐🌐🌐
iShares S&P 500 AUD Hedged ETF	4.17	🌐🌐🌐🌐
Australian Equities	10.25	—
iShares Core S&P/ASX 200 ETF	10.25	🌐🌐🌐🌐
Global Infrastructure	4.00	—
VanEck FTSE GIBI Infrast(Hdg)ETF	4.00	🌐🌐🌐🌐
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 were no portfolio changes the month.

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

As of 30/06/2024

