

# Sestante ESG Focus Dynamic Assertive Portfolio Monthly Investment Report



As of 31/07/2024

## Latest Performance\*

	1-mth	3-mths	1-yr	3-yr	Inception
ESG Focus Assertive	3.60	5.23	11.94	—	13.71
RBA Cash Rate +4.5%p.a.	0.75	2.25	9.16	7.27	8.43

## Market Review

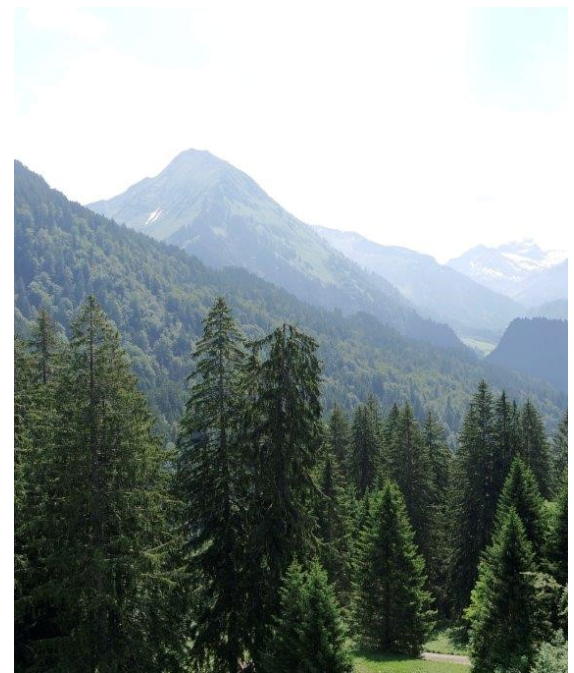
The MSCI World Small Cap (AUD) returned 9.3% in July, outperforming the MSCI World (AUD) by 5.2%. This performance difference was driven by investors rotating out of the Magnificent 7 and into interest-rate-sensitive sectors in the US, which represents around 70% of the MSCI World Index. Several factors contributed to this rotation, but one key driver is the expectation that the Federal Reserve (FED) will likely begin the anticipated rate-cutting cycle as early as September 2024. This expectation is based on a combination of FED Chair Jerome Powell's dovish comments in July, the elevated valuation of the Mag 7 stocks, and a cooler-than-expected June CPI. The June CPI report indicated softer-than-expected US inflation, with year-over-year CPI at 3%, which is 0.1% lower than the consensus, and core CPI at 3.3%, also slightly below the consensus of 3.4%.

The international fixed income market gained support as the US yield curve shifted lower, with the US 2-year Government Bond Yield and 10-year Government Bond Yield declining by 50 and 35 basis points, respectively. Over July, the Global Fixed Income Index returned 1.9% to investors. Australian fixed income delivered a positive return of 1.5% for investors in July. The positive performance of Australian fixed income was also bolstered by a lower Australian yield curve, with the 2-year and 5-year yields both shifting lower by around 15 basis points due to a benign Australian Q2 CPI result. The trimmed mean CPI, which is the preferred inflation gauge for the Reserve Bank of Australia (RBA), was encouraging for the market. The trimmed mean CPI rose 0.8% quarter-over-quarter, below the market's expectation of 1%. The lower-than-anticipated inflation data provided evidence to the RBA that inflation is not on the verge of reaccelerating. As a result, the market unwound the 20% probability of a rate hike in August and began pricing in zero odds of any rate hike going forward in the futures market.

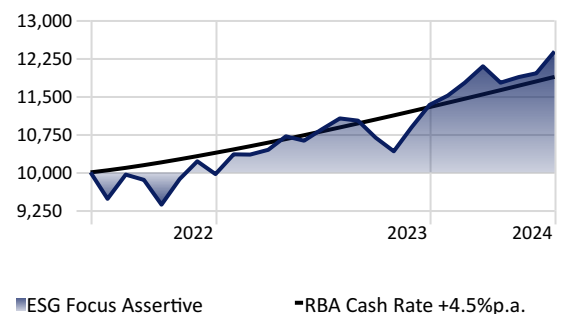
The Australian equity market S&P/ASX 200 surpassed 8,000 points for the first time in history on 12th July, closing at a record high of 8,011. The ASX 200 Index reached multiple new records and peaked on 31st July, closing at 8,092, benefiting from the encouraging Q2 CPI result. Overall, the ASX 200 returned 4.2% in July, marking the best monthly return year-to-date. From a sector performance perspective, interest-rate-sensitive sectors performed strongly, including consumer discretionary (+9%), REITs (+6.9%), and financials (+6.3%). In contrast, energy (-0.4%) and utilities (-2.9%) were sold off, while materials (-0.1%) remained flat.

Real assets were the best performers during July, with the Global REIT Index returning 5.8% and the Infrastructure Index delivering 6.3%. This strong performance was driven by the US market, where the utilities and energy sectors delivered robust results amid the Q2 earnings season.

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

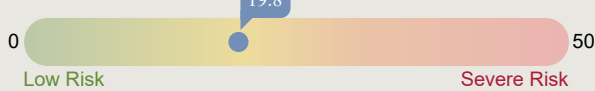


### Portfolio information

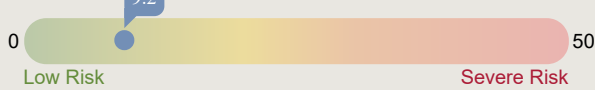
- Investment objective:**  
 To deliver outperformance of RBA cash +4.5% per annum after fees over a rolling 7-year period.
- Suggested minimum timeframe:**  
 7 years
- 85% Growth / 15% Defensive
- Portfolio inception date:**  
 1 June 2022

## Sustainability Score

### Corporate Sustainability Score



### Sovereign Sustainability Score



● ESG Focus Assertive

## ESG Pillar Score



4.5  
Environmental



8.2  
Social



5.1  
Governance



1.2  
Unallocated

## Major Index Returns

	1 Month	3 Months	6 Months	1 Year	3 Years
S&P/ASX 200 TR AUD	4.19	6.21	7.31	13.53	7.44
MSCI World Ex Australia GR AUD	4.10	8.01	14.19	22.83	11.74
Bloomberg AusBond Composite 0+Y TR AUD	1.48	2.67	1.45	4.67	-2.15
Bloomberg Global Aggregate TR Hdg AUD	1.88	3.48	1.71	4.65	-2.54
S&P Global Infrastructure NR AUD	6.72	6.79	12.92	11.91	10.09
RBA Cash Rate Target	0.38	1.12	2.22	4.45	2.65
MSCI ACWI Ex USA NR USD	2.32	5.19	9.22	9.75	1.79

### 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.

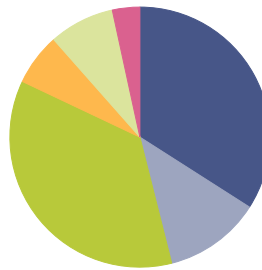
The Morningstar Historical Corporate Sustainability Score is a weighted average of the trailing 12 months of Morningstar Portfolio Corporate Sustainability Scores. Historical portfolio scores are not equal-weighted; rather, more-recent portfolios are weighted more heavily than older portfolios. Combining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

Portfolio Date: 31/07/2024



	%
Australian Equities	34.04
Cash	12.02
International Equities	35.97
Global Infrastructure	6.45
Global Property	8.11
Australian Fixed Income	3.41
<b>Total</b>	<b>100.00</b>

## Where your funds are invested

<b>International Equities</b>	<b>35.97</b>	—
AXA IM Sustainable Equity	10.18	●●●●
Mirova Global Sustainable Equity Fund	8.77	●●●●●●
Stewart Investors Worldwide Leaders Sust	8.51	●●●●
BetaShares Global Sstnbty Ldrs ETF Ccy H	5.47	●●●●●●
Robeco Emerging Conservative Equity AUD	3.03	●●●●
<b>Australian Equities</b>	<b>34.04</b>	—
VanEck MSCI AUS Sust Eq ETF	11.31	●●●●●●
Schroder Australian Equity Fund - PC	10.07	●●●●
Alphinity Sustainable Share	6.95	●●●●
Australian Ethical Australian Shr WS	5.71	●●●●
<b>Cash</b>	<b>12.02</b>	—
BetaShares Aus High Interest Cash ETF	8.02	—
iShares Core Cash ETF	4.01	—
<b>Global Property</b>	<b>8.11</b>	—
Martin Currie Real Income A	4.47	●●●●●●
First Sentier Global Property Securities	3.63	●●●●
<b>Global Infrastructure</b>	<b>6.45</b>	—
4D Global Infrastructure AUD Hedged	6.45	●●●●
4D Global Infrastructure Fund (Unhedged)	0.00	●●●●
<b>Australian Fixed Income</b>	<b>3.41</b>	—
Pendal Sustainable Aust Fixed Interest	3.41	●●●●
	<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

The portfolio moved from 4D Global Infrastructure AUD Unhedged to 4D Global Infrastructure AUD Hedged.

## Active Asset Allocation: AZ Sestante Model Portfolio vs Investment Policy Target As of 31/07/2024

