

# Sestante Moderately Conservative Index Portfolio

## Monthly Investment Report

As of 31/08/2024

### Latest Performance\*

|                                 | 1-mth | 3-mths | 1-yr  | 3-yr | 5-yr | Inception |
|---------------------------------|-------|--------|-------|------|------|-----------|
| Sestante Mod Conservative Index | 0.59  | 4.11   | 10.21 | 2.34 | 3.74 | 4.85      |
| RBA Cash Rate + 2% p.a.         | 0.54  | 1.62   | 6.57  | 4.83 | 3.83 | 3.79      |

### Market Review

The Japanese equity market benchmark, the Nikkei 225, tumbled by 20.7% during the first three trading days of August, triggering a ripple effect across global markets, including the United States. On 5th August, the CBOE Volatility Index (VIX), known as the “fear gauge,” spiked dramatically from 23 to 66, reflecting heightened investor anxiety. This market turmoil was driven by two key factors: the unwinding of the Japanese Yen carry trade following the Bank of Japan’s shift in monetary policy and weaker-than-expected US Nonfarm payroll data, fuelling recession fears. Amid this volatility, there were some positive economic indicators. The second revision of US GDP confirmed 3% growth in Q2, up from the initial estimate of 2.8%, and US inflation data for July continued to cool as expected. Overall, global equity markets lost 1.34% in August, though on an AUD-hedged basis, global equities gained 1.6% as the AUD appreciated by 3.5% against the US dollar.

In response to recession concerns and a dovish speech by Federal Reserve Chair Jerome Powell, the US 10-year yield fell by 13 basis points, while the 2-year yield dropped by 34 basis points, contributing to a 1% gain in global fixed income. In Australia, a softer-than-expected Q2 inflation print spurred a bond market rally, with the 10-year yield declining by 8 basis points and the 2-year yield by 20 basis points, leading to a 1.2% return for Australian bonds in August.

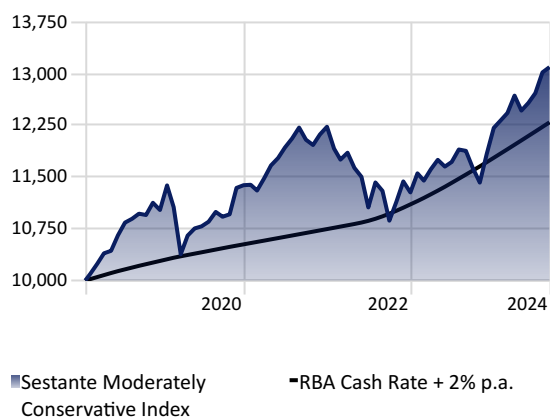
The Australian equity market saw mixed results during its reporting season, with corporate earnings down 4.5% for FY24, largely due to weaker commodity prices in the resource sector. However, consumer recovery was evident, with retailers like Super Retail and JB Hi-Fi reporting sales growth in early FY25. Growth stocks, as measured by the price/earnings (P/E) ratio, remained strong, with forward P/Es elevated above the 20-year average, according to Goldman Sachs. Brambles and WiseTech were standout performers, both reporting strong earnings and margin improvements. The Australian equity market ended August with a modest 0.44% gain.

Bond-sensitive sectors outperformed, with global property gaining 5.65%, driven by growth in the North American healthcare sector, particularly in senior housing. Infrastructure returned 3.04%, supported by the continued strength of US regulated utilities

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: target RBA cash rate +2.0% per annum over rolling 5-year periods after fees.
- Asset Class: Diversified
- 45% Growth / 55% Defensive
- Portfolio Inception Date: 7 February 2019

## Sustainability Score

● Sestante Moderately Conservative Index

### Corporate Sustainability Score



### Sovereign Sustainability Score



## ESG Pillar Score



## Major Index Returns

|  | 1 Month | 3 Months | 6 Months | 1 Year | 3 Years |
|--|---------|----------|----------|--------|---------|
| S&P/ASX 200 TR AUD                     | 0.47    | 5.74     | 6.97     | 14.90  | 6.73    |
| MSCI World Ex Australia GR AUD         | -1.21   | 4.53     | 6.45     | 19.38  | 10.15   |
| Bloomberg AusBond Composite 0+Y TR AUD | 1.21    | 3.50     | 2.99     | 5.15   | -1.79   |
| Bloomberg Global Aggregate TR Hdg AUD  | 0.99    | 3.69     | 3.55     | 5.97   | -2.15   |
| S&P Global Infrastructure NR AUD       | 0.62    | 3.69     | 12.00    | 13.63  | 9.47    |

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

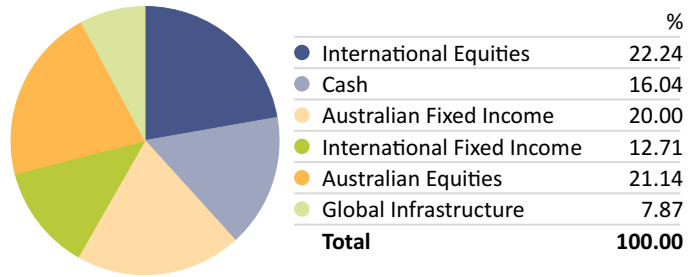
The Morningstar Historical Corporate Sustainability Score is a weighted average of the trailing 12 months of Morningstar Portfolio Corporate Sustainability Scores. Historical portfolio scores are not equal-weighted; rather, more-recent portfolios are weighted more heavily than older portfolios. Combining 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: 31/08/2024



## Where your funds are invested

|                                       |               |      |
|---------------------------------------|---------------|------|
| <b>International Equities</b>         | <b>22.24</b>  | —    |
| Vanguard All-World ex-US Shares ETF   | 9.62          | 🌐🌐🌐🌐 |
| iShares S&P 500 AUD Hedged ETF        | 8.59          | 🌐🌐🌐🌐 |
| iShares S&P 500 ETF                   | 4.03          | 🌐🌐🌐🌐 |
| <b>Australian Equities</b>            | <b>21.14</b>  | —    |
| iShares Core S&P/ASX 200 ETF          | 21.14         | 🌐🌐🌐🌐 |
| <b>Australian Fixed Income</b>        | <b>20.00</b>  | —    |
| iShares Australian Bond Index         | 20.00         | 🌐🌐🌐🌐 |
| <b>Cash</b>                           | <b>16.04</b>  | —    |
| iShares Core Cash ETF                 | 11.08         | —    |
| BetaShares Aus High Interest Cash ETF | 4.95          | —    |
| <b>International Fixed Income</b>     | <b>12.71</b>  | —    |
| iShares Global Bond Index             | 12.71         | 🌐🌐🌐🌐 |
| <b>Global Infrastructure</b>          | <b>7.87</b>   | —    |
| VanEck FTSE Gbl Infrs(Hdg)ETF         | 6.91          | 🌐🌐🌐🌐 |
| Vanguard Global Infrastructure Index  | 0.96          | 🌐🌐   |
| <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 were no portfolio changes the month.

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

As of 31/08/2024

