

Sestante ESG Focus Dynamic Balanced Portfolio Monthly Investment Report



As of 30/09/2024



Latest Performance*

	1-mth	3-mths	1-yr	3-yr	Inception
ESG Focus Balanced	1.37	5.33	16.16	—	11.56
RBA Cash Rate + 3.5% p.a.	0.65	2.00	8.16	6.50	7.45

Market Review

September was one of the busiest months of the year, marked by significant monetary policy shifts. On September 18, the US Federal Reserve (Fed) initiated an interest rate easing cycle with a larger-than-expected 50 basis point (bps) cut, bringing the interest rate range down to 4.75%-5%. This "insurance cut" signalled a shift in the Fed's priorities from inflation control to supporting economic growth. The move, seen as pre-emptive, aims to protect the US economy from potential downturns.

In China, the government introduced a series of monetary easing measures toward the end of the month to support market liquidity, stabilise the housing market, and restore household confidence. These measures target deflationary pressures and aim to encourage spending, with Chinese households sitting on a vast RMB 130 trillion (US\$18 trillion) in bank savings.

Despite the Fed's rate cut, the US equity benchmark MSCI USA ended September down 0.13%, as concerns over a weakening US economy, particularly mixed labour market signals, offset the positive impact of the rate cut. In contrast, Chinese equities performed strongly. The China Securities Index 300 (CSI 300), which tracks the top 300 stocks on the Shanghai and Shenzhen stock exchanges, surged 19.65% in local currency, driven largely by a remarkable 15% gain in the final week of September—the index's best weekly performance in 15 years.

Global equities remained flat, with the unhedged global equity index returning just 0.03%. The hedged version, however, gained 1.83%, aided by the Australian dollar's 2.14% appreciation against the US dollar.

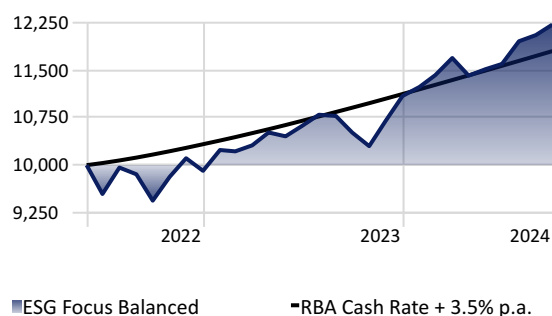
The Australian dollar's strength was supported by the Fed's rate cut and a sharp rise in commodity prices, particularly iron ore. The rate cut widened the spread between US and Australian 10-year treasury yields, while Chinese policy measures boosted iron ore prices, which jumped from \$89 to \$109 per ton in the final week of September. The Fed's rate cut also contributed to a 1.07% rise in global fixed income, while Australian fixed income saw a modest 0.31% gain.

The Australian equity market delivered a 3.07% return in September, driven by a 13.07% surge in the materials sector, which benefited from China's policy support for industrial metals. Health care was the weakest sector, with CSL falling 6.09% due to senior management changes. Supermarkets Coles (-2.1%) and Woolworths (-3.95%) also faced pressure amid growing concerns about price gouging.

Real assets continued their rally, with global property and infrastructure posting double-digit year-to-date gains. Global property rose 2.72% in September, outperforming global infrastructure (+2.1%), buoyed by the Fed's larger rate cut. A standout deal in the real assets sector was Blackstone and Canada Pension Plan Investment Board's (CPPIB) acquisition of Australian data centre operator AirTrunk for over AUD 24 billion, underscoring strong market demand for data centres amid AI advancements.

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:**
 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

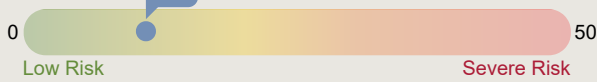
Sustainability Score

● ESG Focus Balanced

Corporate Sustainability Score



Sovereign Sustainability Score



ESG Pillar Score



4.1

Environmental



8.0

Social



5.1

Governance



1.5

Unallocated

Major Index Returns

	1 Month	3 Months	6 Months	1 Year	3 Years
S&P/ASX 200 TR AUD	2.97	7.79	6.65	21.77	8.45
MSCI World Ex Australia GR AUD	-0.43	2.40	2.83	23.78	11.12
Bloomberg AusBond Composite 0+Y TR AUD	0.31	3.02	2.16	7.11	-1.19
Bloomberg Global Aggregate TR Hdg AUD	1.07	3.99	3.82	9.11	-1.48
ESG Focus Balanced	1.37	5.33	4.50	16.16	—
RBA Cash Rate Target	0.36	1.12	2.24	4.49	2.89
MSCI ACWI Ex USA NR USD	2.69	8.06	9.10	25.35	4.14

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.

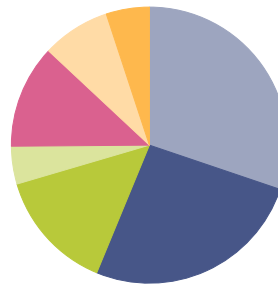
The Morningstar Historical Corporate Sustainability Score is a weighted average of the trailing 12 months of Morningstar Portfolio Corporate Sustainability Scores. Historical portfolio scores are not equal-weighted; rather, more-recent portfolios are weighted more heavily than older portfolios. Combining 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: 30/09/2024



	%
International Equities	30.19
Australian Equities	26.04
Australian Fixed Income	14.22
Cash	4.42
International Fixed Income	12.09
Global Infrastructure	7.98
Global Property	5.06
Total	100.00

Where your funds are invested

International Equities	30.19	—
Mirova Global Sustainable Equity No. 2 I	6.47	🌐🌐🌐🌐🌐
BetaShares Global Sstnby Ldrs ETF Ccy H	6.41	🌐🌐🌐🌐🌐
Stewart Investors Worldwide Leaders Sust	6.37	🌐🌐🌐🌐🌐
AXA IM Sustainable Equity A (H) AUD	5.17	🌐🌐🌐🌐🌐
AXA IM Sustainable Equity	3.64	🌐🌐🌐🌐🌐
Robeco Emerging Conservative Equity AUD	2.13	🌐🌐🌐🌐🌐
Australian Equities	26.04	—
VanEck MSCI AUS Sust Eq ETF	8.41	🌐🌐🌐🌐🌐
Schroder Australian Equity Fund - PC	7.63	🌐🌐🌐🌐🌐
Alphinity Sustainable Share	5.93	🌐🌐🌐🌐🌐
Australian Ethical Australian Shr WS	4.07	🌐🌐🌐🌐🌐
Australian Fixed Income	14.22	—
Pendal Sustainable Aust Fixed Interest	7.32	🌐🌐🌐🌐🌐
Janus Henderson Tactical Income	6.90	🌐🌐🌐🌐🌐
International Fixed Income	12.09	—
PIMCO ESG Global Bond Fund - Wholesale	6.49	🌐🌐🌐🌐🌐
Macquarie Dynamic Bond No.1 W	5.59	—
Global Infrastructure	7.98	—
4D Global Infrastructure AUD Hedged	7.98	🌐🌐🌐🌐🌐
Global Property	5.06	—
Russell Intl Property Secs Hedged A	3.84	🌐🌐🌐🌐🌐
Martin Currie Real Income A	1.22	🌐🌐🌐🌐🌐
Cash	4.42	—
iShares Core Cash ETF	2.83	—
BetaShares Aus High Interest Cash ETF	1.59	—
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

In September, holdings in First Sentier Investors Global Property were sold and replaced the Russell Global property, rated 1st quartile by ERIG.

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

As of 30/09/2024

