

# Sestante Moderately Conservative Index Portfolio

## Monthly Investment Report

As of 31/01/2025

### Latest Performance\*

	1-mth	3-mths	1-yr	3-yr	5-yr	Inception
Sestante Mod Conservative Index	2.00	3.30	10.85	4.67	3.72	5.25
RBA Cash Rate + 2% p.a.	0.54	1.62	6.62	5.46	4.14	3.99

### Market Review

Although returns were mostly positive over January, markets were characterised by a confluence of factors that challenged narratives and created a degree of uncertainty across asset classes. Trade policy was a pivotal topic, dominated by developments taken by the newly inaugurated President Trump, whose aggressive stance on tariffs sent ripples of concern throughout the global economy. Talks of tariffs on key trading partners like Canada, Mexico, and China reignited fears of a full-blown trade war, raising questions about the future of international commerce and the potential impact on global growth.

In Australia, economic data presented a more encouraging picture, with signs that inflationary pressures were beginning to moderate. This development raised expectations that the Reserve Bank of Australia might soon embark on a cycle of interest rate cuts, providing a potential boost to the domestic economy. The release of the fourth-quarter inflation data revealed that headline inflation had risen by 2.4% year-on-year, while core inflation, which excludes volatile items, registered a rate of 3.2%. A notable factor influencing the inflation figures was the impact of government subsidies on household electricity bills, which resulted in a significant quarter-on-quarter decline in this component. Whilst the subsidies are expected to abate, the timing and manner of their removal will be crucial in determining the subsequent impact on inflation.

In markets, Global equities, as represented by the MSCI World Index, managed to navigate the prevailing uncertainties and deliver a positive return of 3.5%. Emerging market equities also participated in the rally, albeit with more modest gains of 1.6%. The Australian stock market, as measured by the ASX 200, enjoyed a robust performance, climbing by 4.6%. The leading sectors in the Australian market were consumer discretionary, financials, and real estate, with all sectors ending the month in positive territory except for utilities.

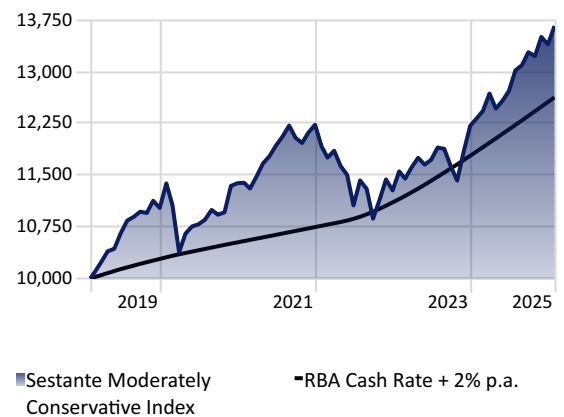
European equities also experienced a substantial rally, fuelled by a combination of positive economic data and a shift in investor sentiment away from the U.S. market. However, the renewed concerns about global trade tensions and the potential for increased tariffs on European goods by the U.S. cast a shadow over this positive momentum. U.S. equities advanced, but the technology sector faced significant challenges due to intensifying competition in the artificial intelligence (AI) space. The narrative surrounding AI investment was placed under some scrutiny, with investors questioning the long-term competitive advantages of U.S. tech giants.

In fixed income, Australian government bond yields rose slightly to close at 4.43%, while US 10-year Treasury yields fell slightly to 4.55% in January. The U.S. yield curve flattened due to the Fed's hawkish stance, whilst inversely the Australian curve steepened as markets anticipated an RBA rate cut. Bond markets saw significant intra-month volatility, with a sharp sell-off and a spike in U.S. yields to 4.79% (a high since October 2023) before a subsequent pullback. Japanese yields hit a decade high of 1.25% after the Bank of Japan raised rates. Despite increased growth risks, high-yield and emerging market debt performed well (both returning 1.2%), as recession risk remains low.

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



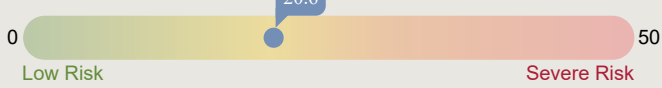
### Portfolio information

- 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



5.0

Environmental



8.8

Social



5.3

Governance



1.4

Unallocated

## Major Index Returns

	1 Month	3 Months	6 Months	1 Year	3 Years
S&P/ASX 200 TR AUD	4.57	5.11	7.32	15.17	11.44
MSCI World Ex Australia GR AUD	2.76	10.94	13.43	29.52	14.66
Bloomberg AusBond Composite 0+Y TR AUD	0.19	1.84	1.44	2.91	-0.39
Bloomberg Global Aggregate TR Hdg AUD	0.38	0.68	1.21	2.95	-1.22
S&P Global Infrastructure NR AUD	1.52	5.94	13.09	27.69	11.72

### 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.

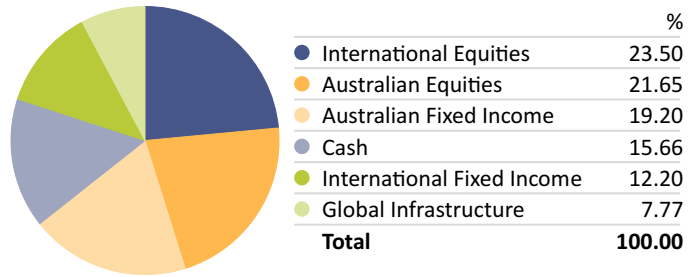
The Morningstar Historical Corporate Sustainability Score is a weighted average of the trailing 12 months of Morningstar Portfolio Corporate Sustainability Scores. Historical portfolio scores are not equal-weighted; rather, more-recent portfolios are weighted more heavily than older portfolios. Combining 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: 31/01/2025



## Where your funds are invested

<b>International Equities</b>	<b>23.50</b>	—
Vanguard All-World ex-US Shares ETF	9.97	🌐🌐🌐🌐
iShares S&P 500 AUD Hedged ETF	8.93	🌐🌐🌐🌐
iShares S&P 500 ETF	4.60	🌐🌐🌐🌐
<b>Australian Equities</b>	<b>21.65</b>	—
iShares Core S&P/ASX 200 ETF	21.65	🌐🌐🌐🌐
<b>Australian Fixed Income</b>	<b>19.20</b>	—
iShares Australian Bond Index	19.20	🌐🌐🌐🌐
<b>Cash</b>	<b>15.66</b>	—
iShares Core Cash ETF	10.83	—
BetaShares Aus High Interest Cash ETF	4.84	—
<b>International Fixed Income</b>	<b>12.20</b>	—
iShares Global Bond Index	12.20	🌐🌐🌐🌐
<b>Global Infrastructure</b>	<b>7.77</b>	—
VanEck FTSE Gbl Infrs(AUD Hdg)ETF	6.79	🌐🌐🌐🌐
Vanguard Global Infrastructure Index	0.99	🌐🌐🌐
	<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.