AZ Sestante Quarterly Report
As of 31/03/2025
Market Review

Market Review

In the first quarter of 2025, U.S. equity markets experienced a significant pullback, particularly within the technology and consumer discretionary sectors, which saw substantial declines. The technology sector, especially AI stocks, faced challenges due to China's DeepSeek, which provided cheaper alternatives to U.S. products. Trade tariffs also added to market uncertainty, dampening consumer sentiment and contributing to increased volatility. However, sectors like energy and healthcare performed well, benefiting from steady demand and favourable market conditions. Small-cap stocks, including those in the Russell 2000, were hit the hardest, experiencing double-digit losses, while large-cap stocks also saw notable declines.

In contrast, European equities showed strong performance, particularly within the Eurozone. Positive sentiment surrounding fiscal changes in Germany, including the new Chancellor's pro-growth policies, helped boost investor confidence. The financial sector, including banks, saw significant gains due to solid earnings and a limited impact from tariff concerns. In the UK, larger companies in sectors like financials, energy, and healthcare outperformed, but smaller firms struggled amid worries over potential tax hikes and public spending cuts. Emerging markets exhibited mixed results, with countries such as Poland and Greece benefiting from favourable conditions, while others, including India and parts of Southeast Asia, saw losses due to trade concerns and slower economic growth.

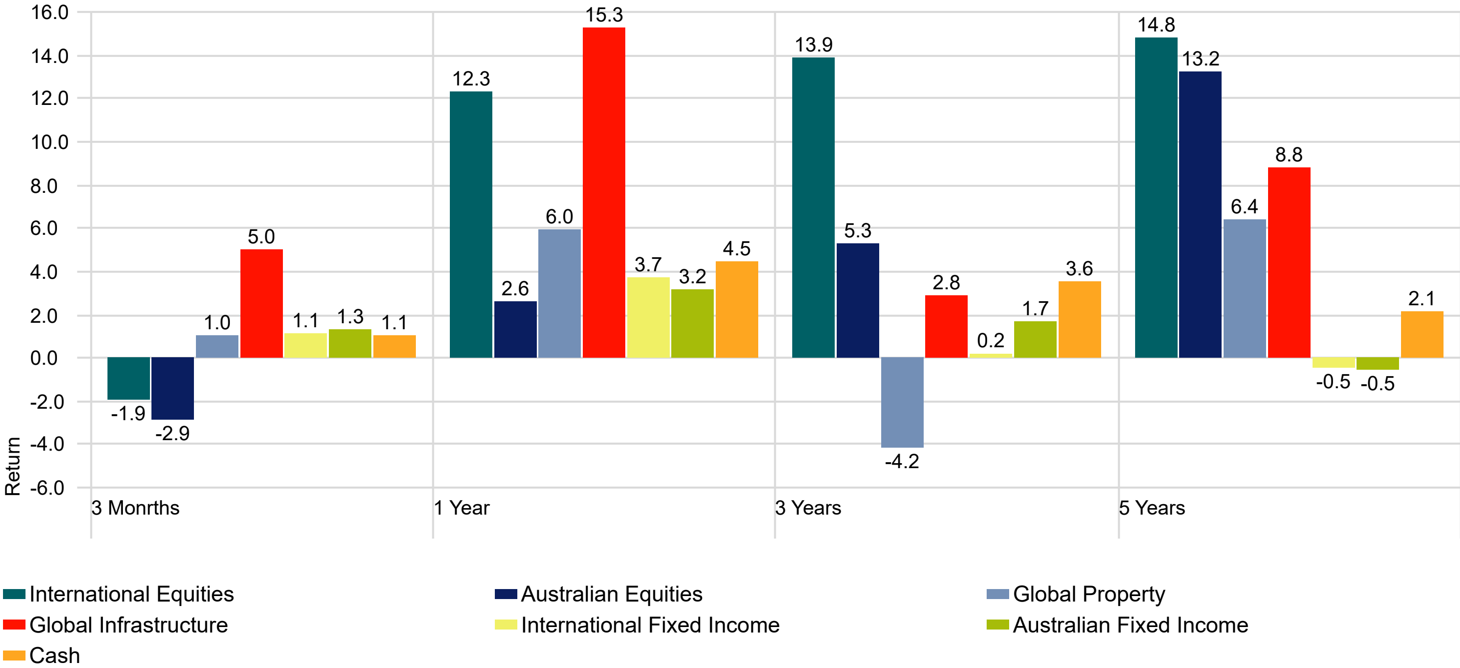
The global investment environment shifted as European equities exceeded expectations, contrary to earlier forecasts favouring U.S. markets. The news about China's more affordable AI technology triggered a correction in high-flying U.S. technology stocks like Nvidia, prompting a shift in focus to Europe.

Germany's decision to relax fiscal rules and increase spending on infrastructure and defence also injected optimism into European markets. These developments influenced bond yields, with European yields rising and U.S. yields declining, reflecting differing growth expectations between the two regions.

Overall, Q1 2025 was marked by volatility and mixed performances across global markets. Investors remained vigilant, focusing on geopolitical risks, trade policies, and central bank actions. Despite ongoing uncertainty, European markets, bolstered by stronger fundamentals and fiscal support, gained traction, while U.S. markets began showing signs of stabilisation following their significant correction.

Returns

As of Date: 31/03/2025



*International Equities: MSCI ACWI Ex Australia; Australian Equities: S&P/ASX 300; Global Property: FTSE EPPA Nareit Ex Australia Hdg AUD; Global Infrastructure: FTSE Dev Core Infrastructure 50/50 Hdg AUD; International Fixed Income: Bloomberg Global Aggregate Hdg AUD; Australian Fixed Income: Bloomberg Ausbond Composite 0+Y; Cash: Bloomberg AusBond Bank 0+Y.

Source: Morningstar Direct

Conservative Profile

Dynamic Portfolio

The Dynamic portfolio recorded a 0.52% return, underperforming its cash + 2.0% (annual) benchmark for the quarter. Both the Paradice Australian Equities Fund and the Schroders Australian Equity Fund outperformed their benchmarks, albeit, both with negative absolute returns. From a global equity perspective, the big thematic was US versus European equities. The iShares S&P 500 AUD Hedged ETF underperformed the MSCI World Index, whereas the Vanguard All-World ex-US Shares ETF massively outperformed the MSCI World Index. Currency hedging detracted somewhat from performance, as the AUD fell mainly against the Euro. Infrastructure had a good quarter. Global Infrastructure returned 5.05% for the quarter, making it a major contributor to performance. All of the portfolio's Fixed Income exposures produced positive returns and outperformed their benchmarks for the quarter, with the PIMCO Global Bond Fund being the best of the Fixed Income funds.

ESG Portfolio

The ESG portfolio returned 0.57%, underperforming its cash + 2.0% (annual) benchmark for the quarter. The Schroders Australian Equity Fund outperformed the benchmark for the quarter, as did the Alphinity Sustainable Shares Fund. Within Global Equities, the AXA IM Sustainable Equity Fund both hedged and unhedged performed relatively well. The emerging markets exposure provided by the Robeco Emerging Conservative Equity Fund outperformed the MSCI World Index adding value to the portfolio for the quarter. Real assets had a reasonable quarter relative to global equities, with both Global Property and Global Infrastructure producing positive returns. 4D Global Infrastructure gained 2.88%, but underperformed its index, while the Russell International Property Securities Fund Hedged gained 0.40%, but also underperformed its index.

Index Portfolio

The Index portfolio delivered a 0.43% return, underperforming its cash + 1.5% (annual) benchmark for the quarter. The best positive return for the quarter was produced by the Vanguard All-World ex-US Shares ETF with a return of 5.27%, closely followed by the VanEck FTSE Global Infrastructure (Hedged) ETF that returned 5.08%. The worst performing product within the portfolio was the iShares S&P 500 ETF that lost 4.91%.

Moderately Conservative Profile

Dynamic Portfolio

The Dynamic portfolio recorded a 0.05% return, underperforming its cash + 2.5% (annual) benchmark for the quarter. Both the Paradice Australian Equities Fund and the Schroders Australian Equity Fund outperformed their benchmarks, albeit, both with negative absolute returns. From a global equity perspective, the big thematic was US versus European equities. The iShares S&P 500 AUD Hedged ETF underperformed the MSCI World Index, whereas the Vanguard All-World ex-US Shares ETF massively outperformed the MSCI World Index. Currency hedging detracted somewhat from performance, as the AUD fell mainly against the Euro. Real assets, and in particular Infrastructure had a good quarter. Global Infrastructure returned 5.05% for the quarter, making it a major contributor to performance. Global Property returned 1.04% for the quarter, even after losing 3.00% in March. All of the portfolio's Fixed Income exposures produced positive returns and outperformed their benchmarks for the quarter, with the PIMCO Global Bond Fund being the best of the Fixed Income funds.

ESG Portfolio

The ESG portfolio returned 0.04%, underperforming its cash + 2.5% (annual) benchmark for the quarter. The Schroders Australian Equity Fund outperformed the benchmark for the quarter, as did the Alphinity Sustainable Shares Fund. Within Global Equities, the AXA IM Sustainable Equity Fund both hedged and unhedged performed relatively well. The emerging markets exposure provided by the Robeco Emerging Conservative Equity Fund outperformed the MSCI World Index adding value to the portfolio for the quarter. Real assets had a reasonable quarter relative to global equities, with Global Infrastructure producing positive returns. 4D Global Infrastructure gained 2.88% but underperformed its index.

Index Portfolio

The Index portfolio delivered a 0.03% return, underperforming its cash + 2.0% (annual) benchmark for the quarter. The best positive return for the quarter was produced by the Vanguard All-World ex-US Shares ETF with a return of 5.27%, closely followed by the VanEck FTSE Global Infrastructure (Hedged) ETF that returned 5.08%. The worst performing product within the portfolio was the iShares S&P 500 ETF that lost 4.91%.

Source: Morningstar Direct

Balanced Profile

Dynamic Portfolio

The Dynamic portfolio recorded a -0.63% return, underperforming its cash + 3.5% (annual) benchmark for the quarter. Both the Paradice Australian Equities Fund and the Schroders Australian Equity Fund outperformed their benchmarks, albeit, both with negative absolute returns. From a global equity perspective, the big thematic was US versus European equities. The iShares S&P 500 AUD Hedged ETF underperformed the MSCI World Index, whereas the Vanguard All-World ex-US Shares ETF massively outperformed the MSCI World Index. Currency hedging detracted somewhat from performance, as the AUD fell mainly against the Euro. Real assets, and in particular Infrastructure had a good quarter. Global Infrastructure returned 5.05% for the quarter, making it a major contributor to performance. Global Property returned 1.04% for the quarter, even after losing 3.00% in March. All of the portfolio's Fixed Income exposures produced positive returns and outperformed their benchmarks for the quarter, with the PIMCO Global Bond Fund being the best of the Fixed Income funds.

ESG Portfolio

The ESG portfolio returned -0.60%, underperforming its cash + 3.5% (annual) benchmark for the quarter. The Schroders Australian Equity Fund outperformed the benchmark for the quarter, as did the Alphinity Sustainable Shares Fund. Within Global Equities, the AXA IM Sustainable Equity Fund both hedged and unhedged performed relatively well. The emerging markets exposure provided by the Robeco Emerging Conservative Equity Fund outperformed the MSCI World Index adding value to the portfolio for the quarter. Real assets had a reasonable quarter relative to global equities, with both Global Property and Global Infrastructure producing positive returns. 4D Global Infrastructure gained 2.88%, but underperformed its index, while the Russell International Property Securities Fund Hedged gained 0.40%, but also underperformed its index.

Index Portfolio

The Index portfolio delivered a -0.26% return, underperforming its cash + 2.5% (annual) benchmark for the quarter. The best positive return for the quarter was produced by the Vanguard All-World ex-US Shares ETF with a return of 5.27%, closely followed by the VanEck FTSE Global Infrastructure (Hedged) ETF that returned 5.08%. The worst performing product within the portfolio was the iShares S&P 500 ETF that lost 4.91%.

Assertive Profile

Dynamic Portfolio

The Dynamic portfolio recorded a -1.25% return, underperforming its cash + 4.5% (annual) benchmark for the quarter. Both the Paradice Australian Equities Fund and the Schroders Australian Equity Fund outperformed their benchmarks, albeit, both with negative absolute returns. From a global equity perspective, the big thematic was US versus European equities. The iShares S&P 500 AUD Hedged ETF underperformed the MSCI World Index, whereas the Vanguard All-World ex-US Shares ETF massively outperformed the MSCI World Index. Currency hedging detracted somewhat from performance, as the AUD fell mainly against the Euro. Real assets, and in particular Infrastructure had a good quarter. Global Infrastructure returned 5.05% for the quarter, making it a major contributor to performance. Global Property returned 1.04% for the quarter, even after losing 3.00% in March. Both of the portfolio's Fixed Income exposures (Yarra and Western Asset) produced positive returns and outperformed their benchmarks for the quarter.

ESG Portfolio

The ESG portfolio returned -1.25%, underperforming its cash + 4.5% (annual) benchmark for the quarter. The Schroders Australian Equity Fund outperformed the benchmark for the quarter, as did the Alphinity Sustainable Shares Fund. Within Global Equities, the AXA IM Sustainable Equity Fund both hedged and unhedged performed relatively well. The emerging markets exposure provided by the Robeco Emerging Conservative Equity Fund outperformed the MSCI World Index adding value to the portfolio for the quarter. Real assets had a reasonable quarter relative to global equities, with both Global Property and Global Infrastructure producing positive returns. 4D Global Infrastructure gained 2.88%, but underperformed its index, while the Russell International Property Securities Fund Hedged gained 0.40%, but also underperformed its index.

Index Portfolio

The Index portfolio delivered a -0.97% return, underperforming its cash + 3.0% (annual) benchmark for the quarter. The best positive return for the quarter was produced by the Vanguard All-World ex-US Shares ETF with a return of 5.27%, closely followed by the VanEck FTSE Global Infrastructure (Hedged) ETF that returned 5.08%. The worst performing product within the portfolio was the iShares S&P 500 ETF that lost 4.91%.

Source: Morningstar Direct

Aggressive Profile

Dynamic Portfolio

The Dynamic portfolio recorded a -1.84% return, underperforming its cash + 5.0% (annual) benchmark for the quarter. Both the Paradice Australian Equities Fund and the Schroders Australian Equity Fund outperformed their benchmarks, albeit, both with negative absolute returns. From a global equity perspective, the big thematic was US versus European equities. The iShares S&P 500 AUD Hedged ETF underperformed the MSCI World Index, whereas the Vanguard All-World ex-US Shares ETF massively outperformed the MSCI World Index. Currency hedging detracted somewhat from performance, as the AUD fell mainly against the Euro. Real assets, and in particular Infrastructure had a good quarter. Global Infrastructure returned 5.05% for the quarter, making it a major contributor to performance. Global Property returned 1.04% for the quarter, even after losing 3.00% in March.

ESG Portfolio

The ESG portfolio returned -1.75%, underperforming its cash + 5.0% (annual) benchmark for the quarter. The Schroders Australian Equity Fund outperformed the benchmark for the quarter, as did the Alphinity Sustainable Shares Fund. Within Global Equities, the AXA IM Sustainable Equity Fund both hedged and unhedged performed relatively well. The emerging markets exposure provided by the Robeco Emerging Conservative Equity Fund outperformed the MSCI World Index adding value to the portfolio for the quarter. Real assets had a reasonable quarter relative to global equities, with both Global Property and Global Infrastructure producing positive returns. 4D Global Infrastructure gained 2.88%, but underperformed its index, while the Russell International Property Securities Fund Hedged gained 0.40%, but also underperformed its index.

Index Portfolio

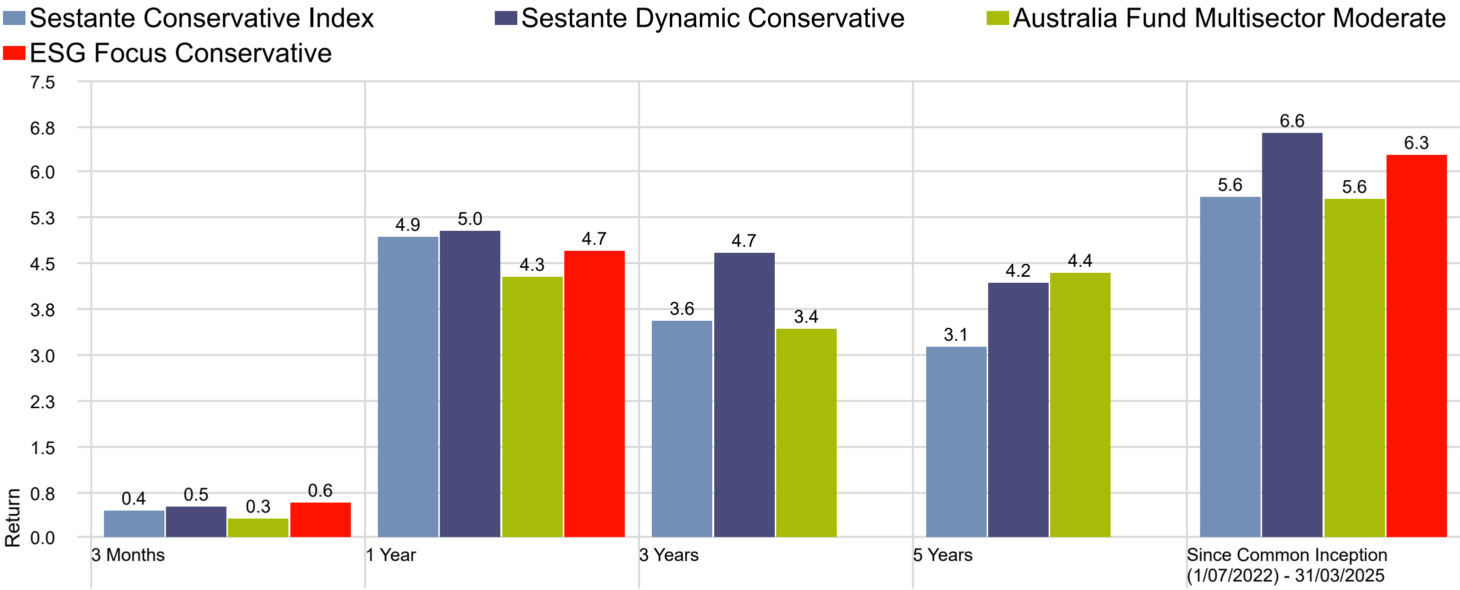
The Index portfolio delivered a -1.11% return, underperforming its cash + 4.5% (annual) benchmark for the quarter. The best positive return for the quarter was produced by the Vanguard All-World ex-US Shares ETF with a return of 5.27%, closely followed by the VanEck FTSE Global Infrastructure (Hedged) ETF that returned 5.08%. The worst performing product within the portfolio was the iShares S&P 500 ETF that lost 4.91%.

Source: Morningstar Direct

AZ Sestante Quarterly Report
As of 31/03/2025
Peer Group Returns
Multisector Moderate Category

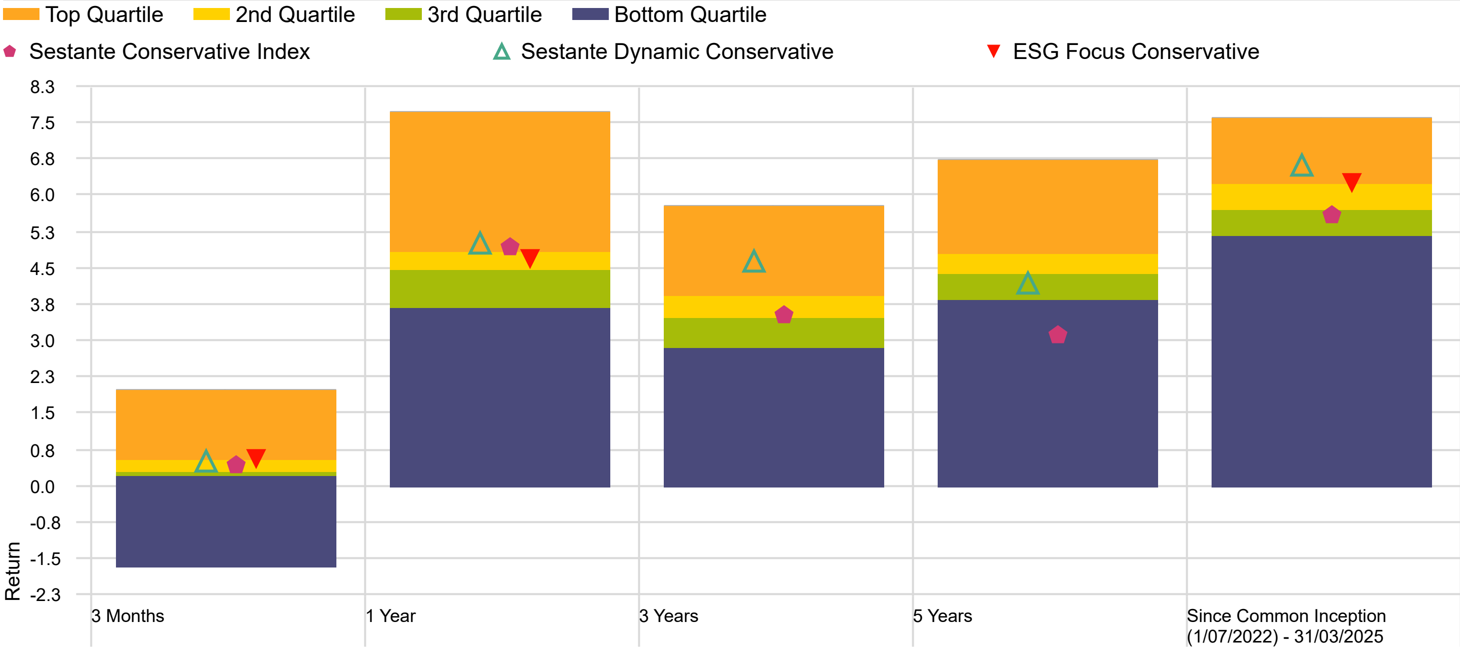
This part of the report aims provide investors an effective way to compare the AZ Sestante portfolios with like options. The Multisector Moderate Category consists of funds that invest in a number of sectors and have between 21% and 40% of their investments exposed to the growth sectors.

Sestante Conservative Portfolios vs Morningstar Peers



Sestante Conservative Performance Relative to Peer Group

Peer Group (1-100%): Funds - Australia - Multisector Moderate



Source: Morningstar Direct

AZ Sestante Quarterly Report

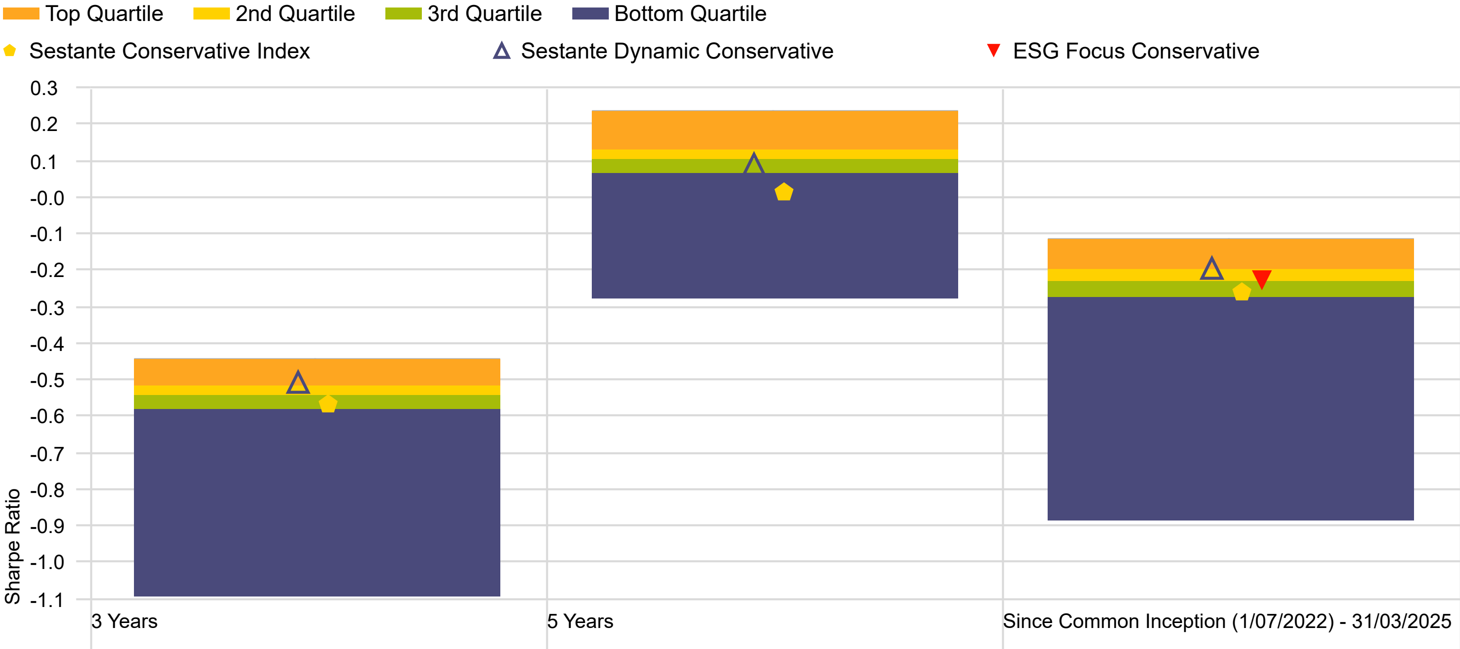
As of 31/03/2025

Peer Group Returns

Multisector Moderate Category

Sharpe Ratio Relative to Peer Group - Conservative

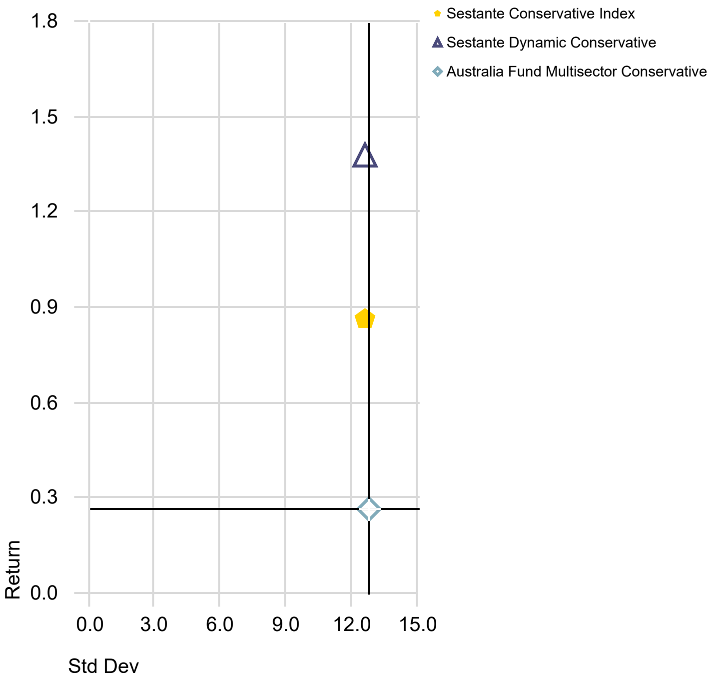
Peer Group (1-100%): Funds - Australia - Multisector Moderate



Sharpe Ratio is a risk-adjusted measure, It is calculated by using standard deviation and excess return to determine reward per unit of risk. The higher the Sharpe Ratio, the better the fund's historical risk-adjusted performance. The Sharpe Ratio can be used to compare two portfolios directly on how much risk a fund had to bear to earn an excess return over the risk-free rate.

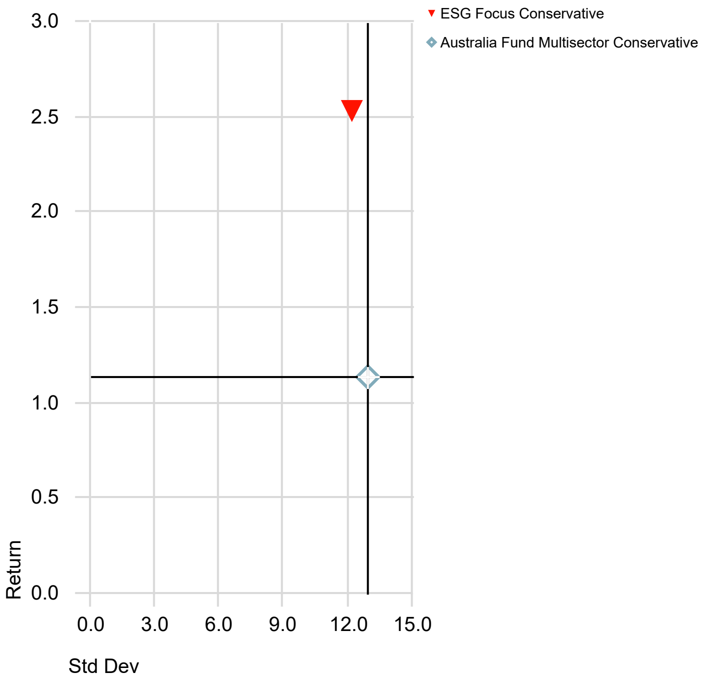
Risk-Reward (Since common inception exclude ESG)

Time Period: Since Common Inception (1/03/2019) to 31/03/2025



Risk-Reward (Since common inception ESG)

Time Period: Since Common Inception (1/07/2022) to 31/03/2025

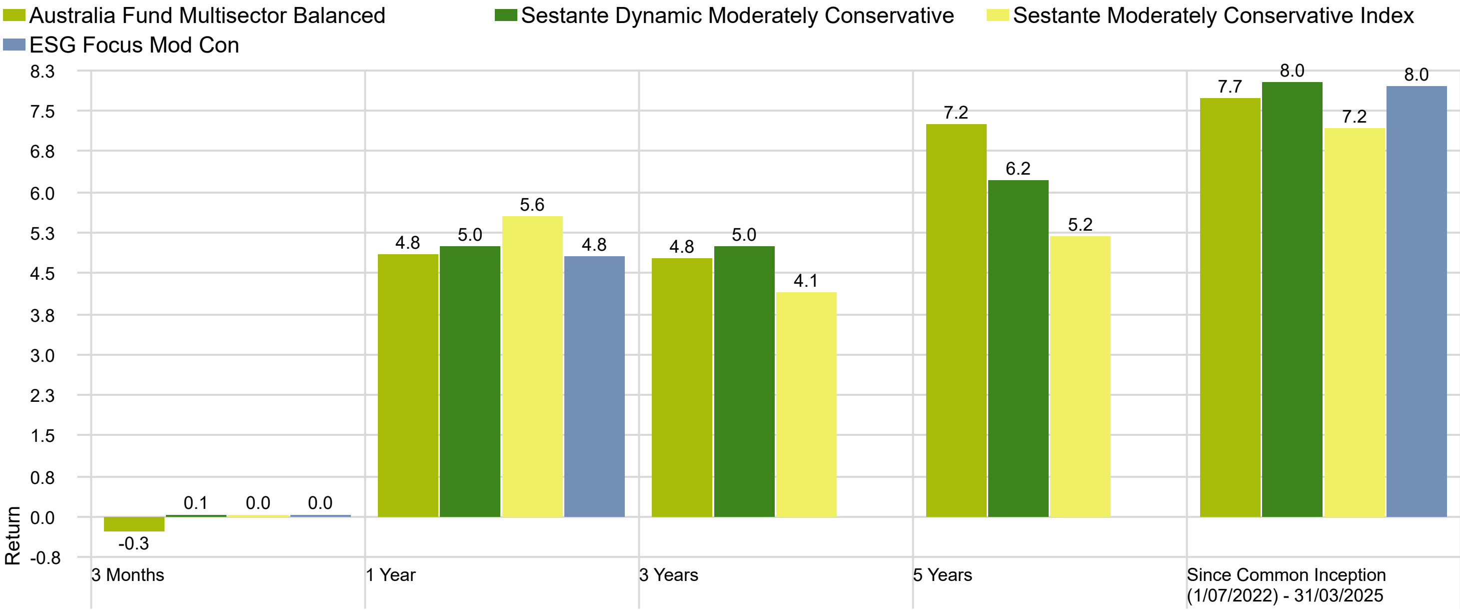


Source: Morningstar Direct

AZ Sestante Quarterly Report
As of 31/03/2025
Peer Group Returns
Multisector Balanced Category

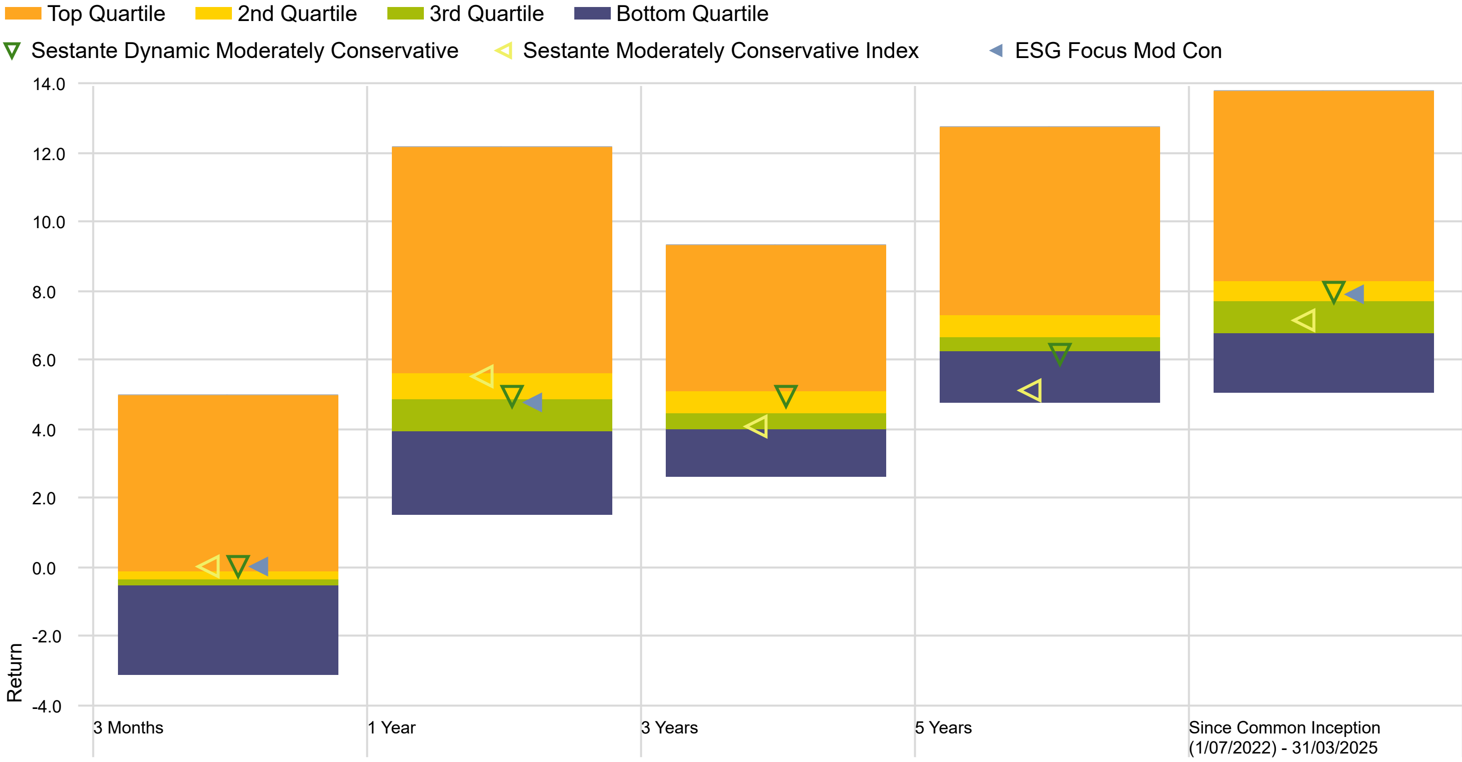
This part of the report aims provide investors an effective way to compare the AZ Sestante portfolios with like options. The Multisector Balanced Category consists of funds that invest in a number of sectors and have between 41% and 60% of their investments exposed to the growth sectors.

Sestante Moderately Conservative Portfolios vs Morningstar Peers



Sestante Moderately Conservative Performance Relative to Peer Group

Peer Group (1-100%): Funds - Australia - Multisector Balanced



Source: Morningstar Direct

AZ Sestante Quarterly Report
As of 31/03/2025
Peer Group Returns
Multisector Balanced Category

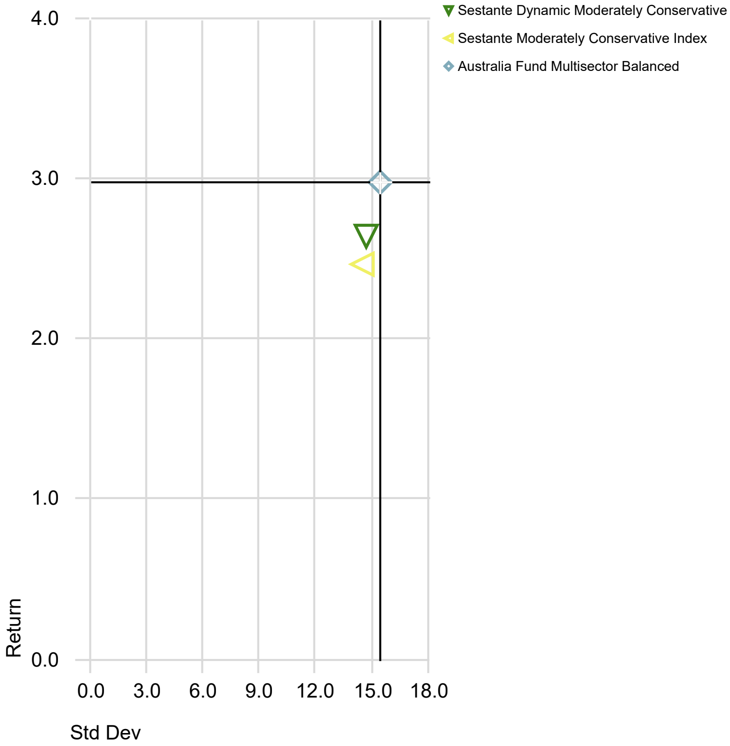
Sharpe Ratio Relative to Peer Group - Moderately Conservative

Peer Group (1-100%): Funds - Australia - Multisector Balanced

Sharpe Ratio is a risk-adjusted measure, It is calculated by using standard deviation and excess return to determine reward per unit of risk. The higher the Sharpe Ratio, the better the fund's historical risk-adjusted performance. The Sharpe Ratio can be used to compare two portfolios directly on how much risk a fund had to bear to earn an excess return over the risk-free rate.

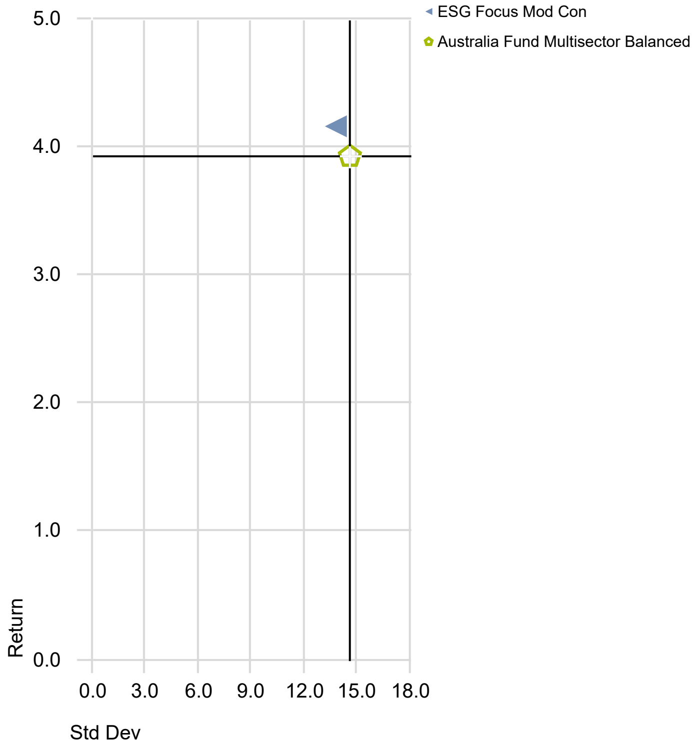
Risk-Reward (Since common inception exclude ESG)

Time Period: Since Common Inception (1/03/2019) to 31/03/2025



Risk-Reward (Since common inception ESG)

Time Period: Since Common Inception (1/07/2022) to 31/03/2025

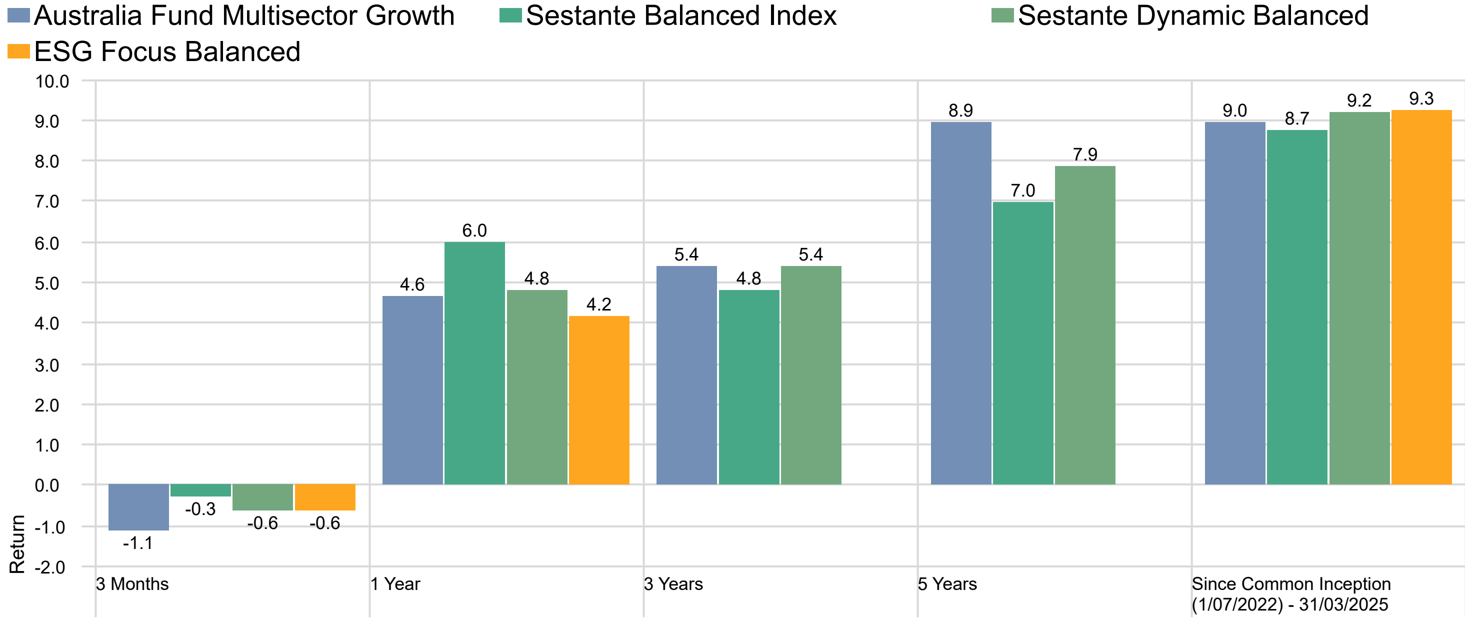


Source: Morningstar Direct

Peer Group Returns
Multisector Growth Category

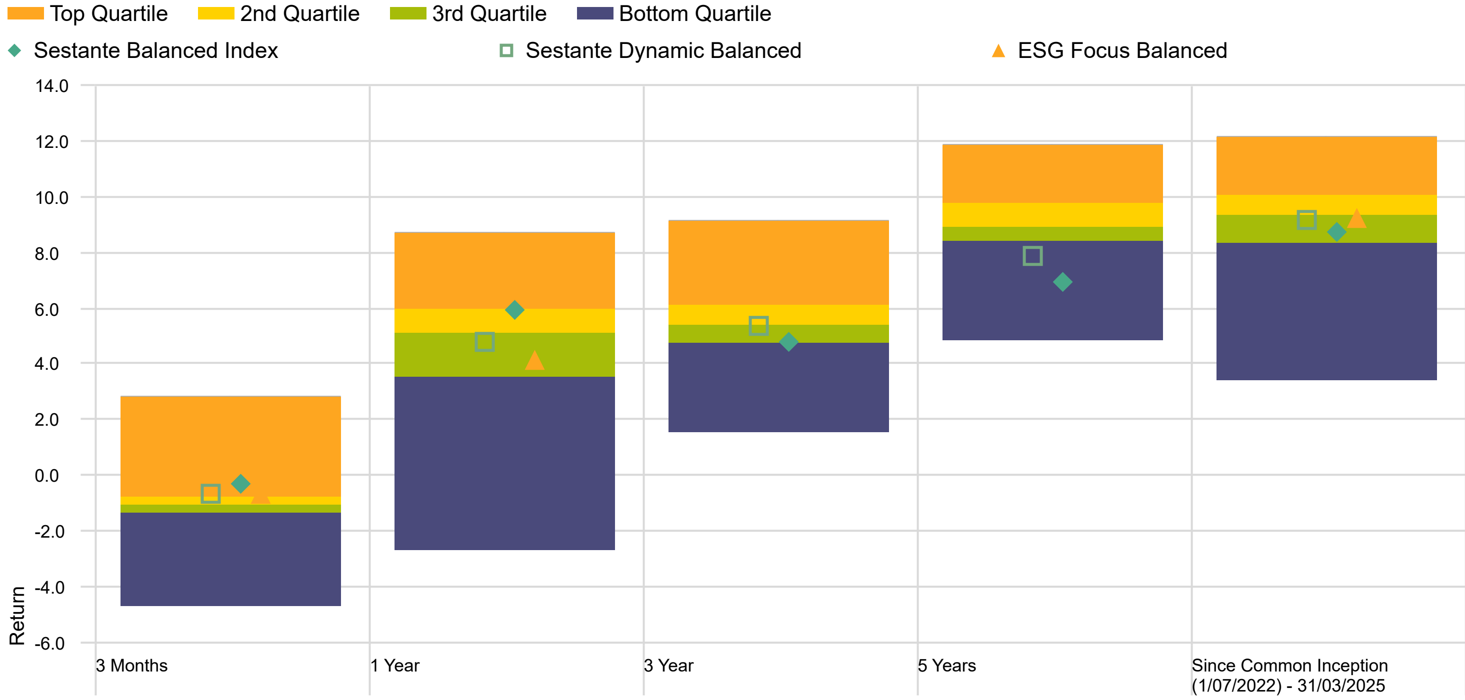
This part of the report aims provide investors an effective way to compare the AZ Sestante portfolios with like options. The Multisector Growth Category consists of funds that invest in a number of sectors and have between 61% and 80% of their investments exposed to the growth sectors.

Sestante Balanced Portfolios vs Morningstar Peers



Sestante Balanced Performance Relative to Peer Group

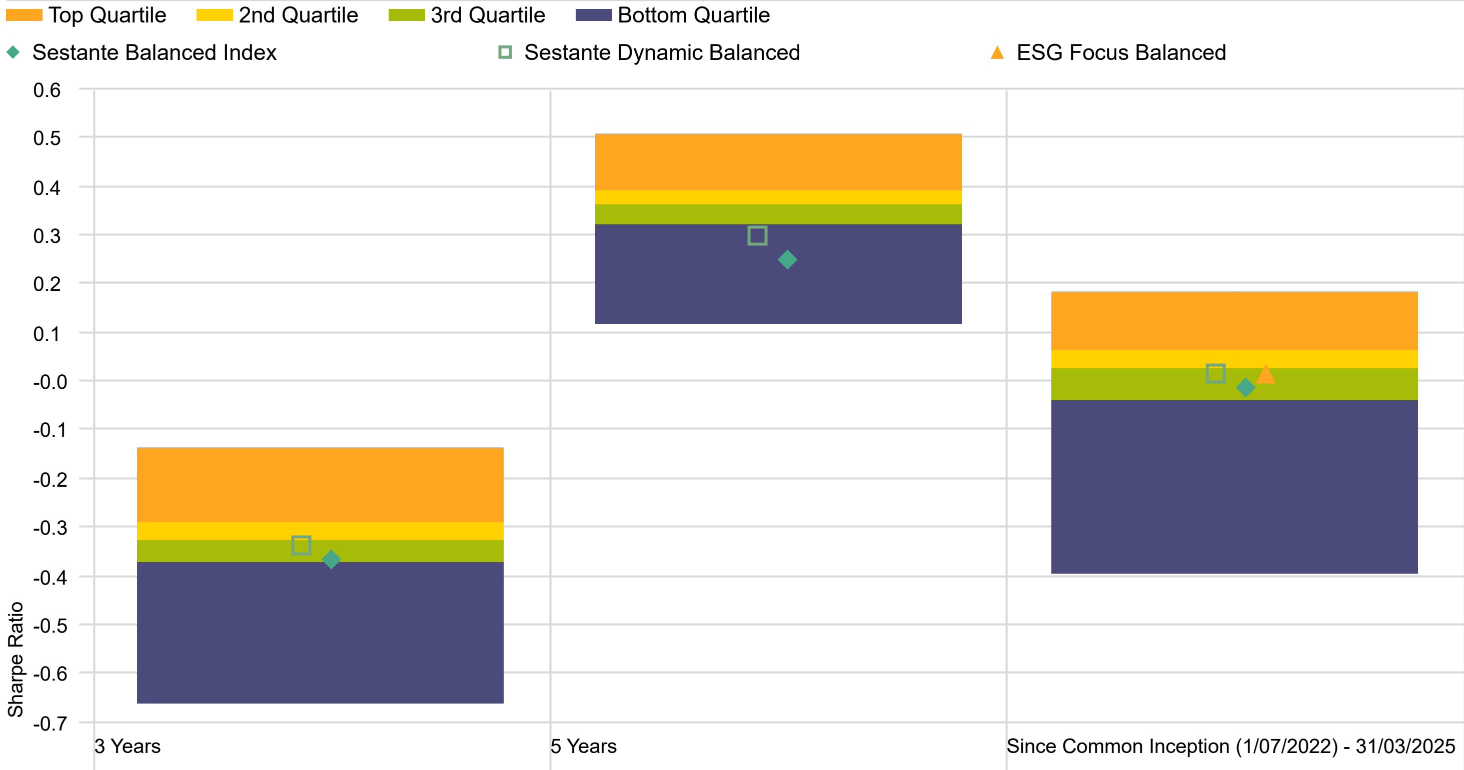
Peer Group (1-100%): Funds - Australia - Multisector Growth



Source: Morningstar Direct

Sharpe Ratio Relative to Peer Group - Balanced

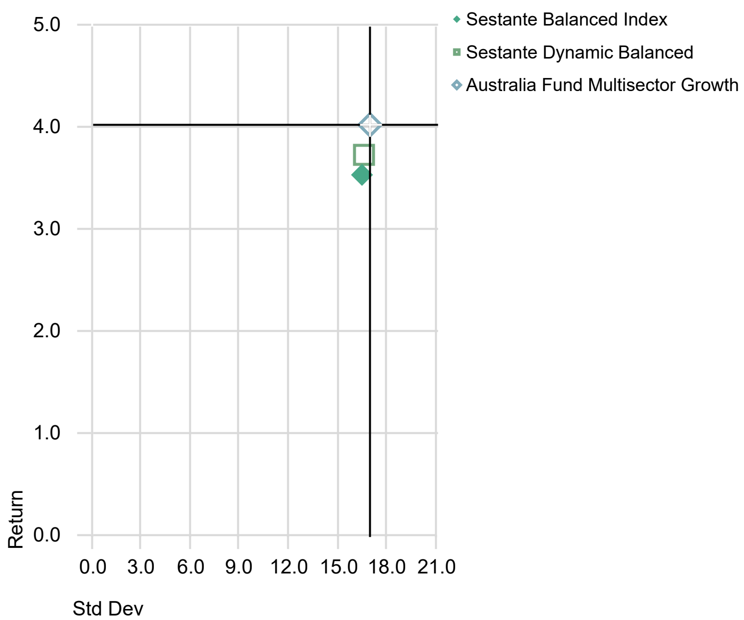
Peer Group (1-100%): Funds - Australia - Multisector Growth



Sharpe Ratio is a risk-adjusted measure, It is calculated by using standard deviation and excess return to determine reward per unit of risk. The higher the Sharpe Ratio, the better the fund's historical risk-adjusted performance. The Sharpe Ratio can be used to compare two portfolios directly on how much risk a fund had to bear to earn an excess return over the risk-free rate.

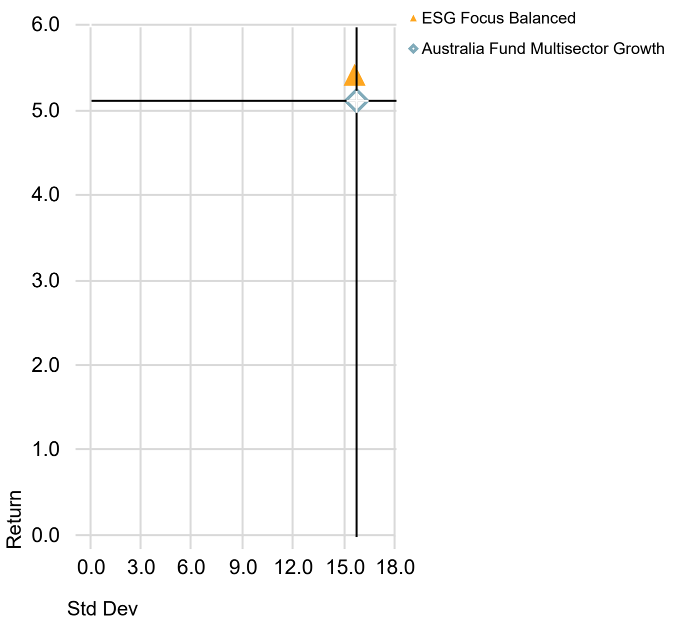
Risk-Reward (Since common inception exclude ESG)

Time Period: Since Common Inception (1/03/2019) to 31/03/2025



Risk-Reward (Since common inception ESG)

Time Period: Since Common Inception (1/07/2022) to 31/03/2025

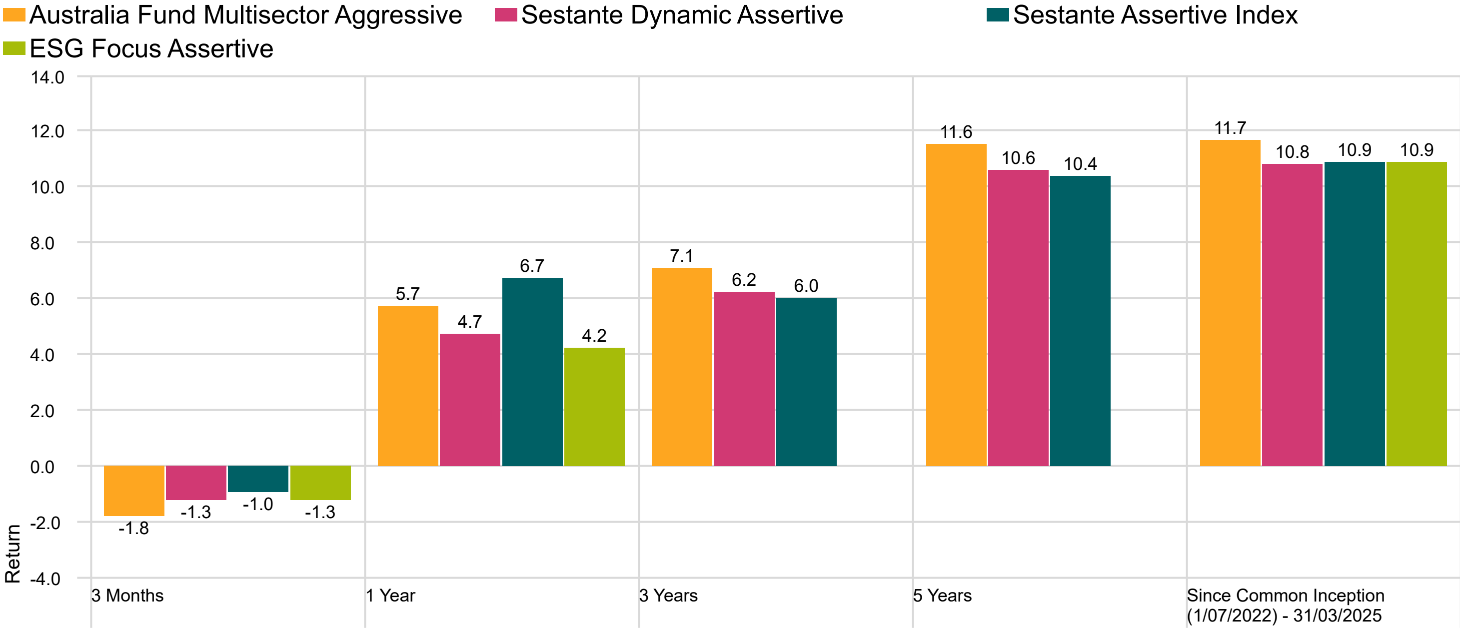


Source: Morningstar Direct

AZ Sestante Quarterly Report
As of 31/03/2025
Peer Group Returns
Multisector Aggressive Category

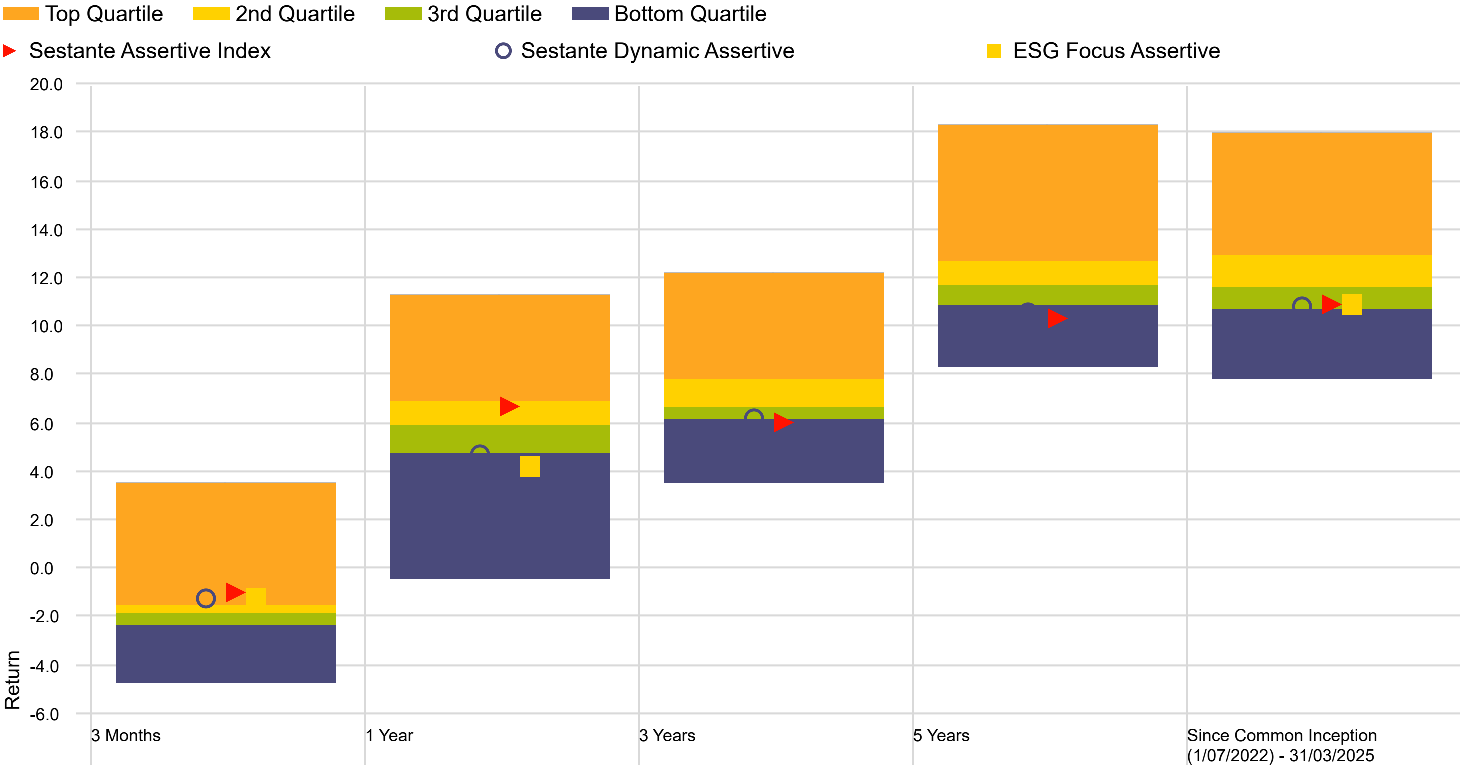
This part of the report aims provide investors an effective way to compare the AZ Sestante portfolios with like options. Multisector Aggressive funds invest in a number of sectors and have over 80% of their assets in growth sectors.

Sestante Assertive Portfolios vs Morningstar Peers



Sestante Assertive Performance Relative to Peer Group

Peer Group (1-100%): Funds - Australia - Multisector Aggressive



Source: Morningstar Direct

AZ Sestante Quarterly Report
As of 31/03/2025
Peer Group Returns
Multisector Aggressive Category

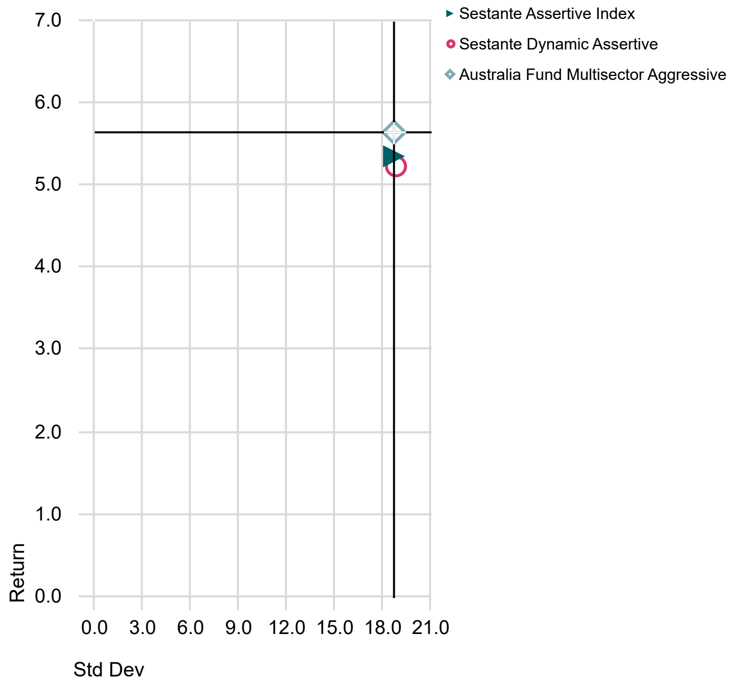
Sharpe Ratio Relative to Peer Group - Assertive

Peer Group (1-100%): Funds - Australia - Multisector Aggressive

Sharpe Ratio is a risk-adjusted measure, It is calculated by using standard deviation and excess return to determine reward per unit of risk. The higher the Sharpe Ratio, the better the fund's historical risk-adjusted performance. The Sharpe Ratio can be used to compare two portfolios directly on how much risk a fund had to bear to earn an excess return over the risk-free rate.

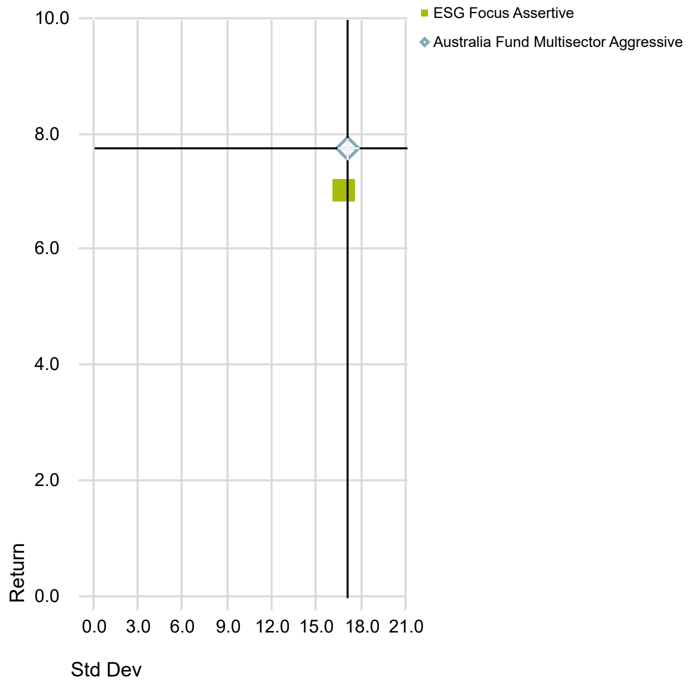
Risk-Reward (Since common inception exclude ESG)

Time Period: Since Common Inception (1/03/2019) to 31/03/2025



Risk-Reward (Since common inception ESG)

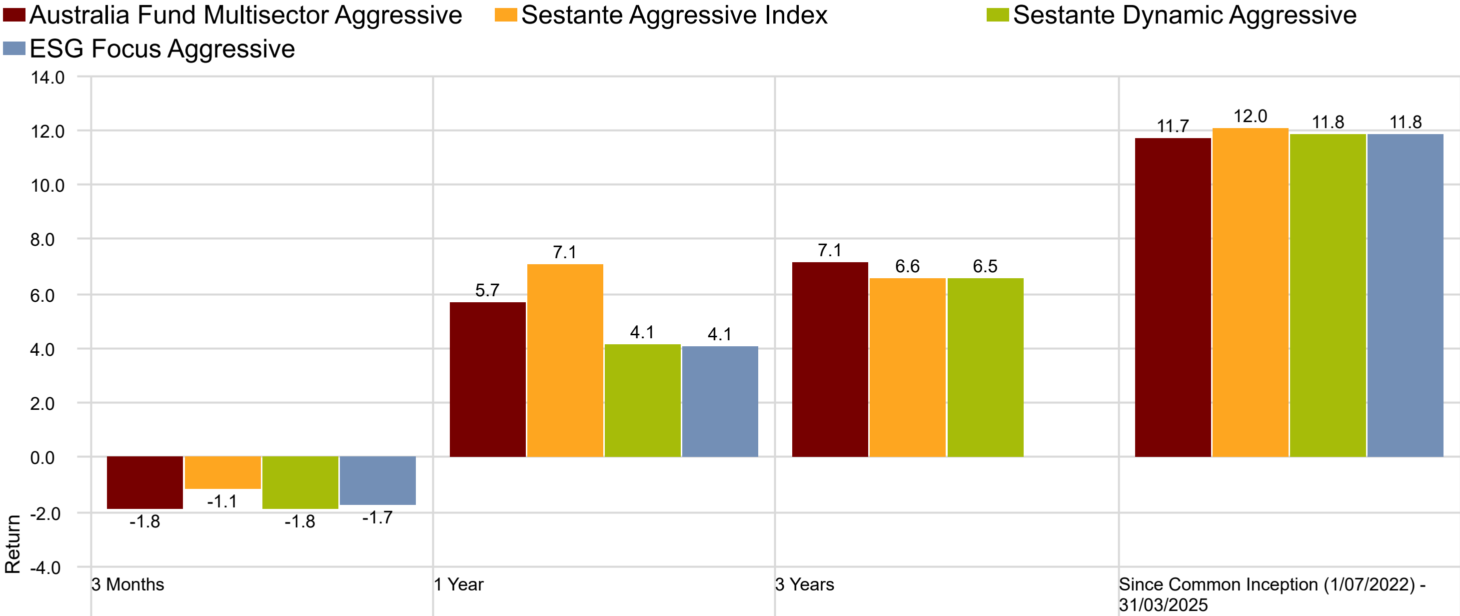
Time Period: Since Common Inception (1/07/2022) to 31/03/2025



Source: Morningstar Direct

This part of the report aims provide investors an effective way to compare the AZ Sestante portfolios with like options. Multisector Aggressive funds invest in a number of sectors and have over 80% of their assets in growth sectors.

Sestante Aggressive Portfolios vs Morningstar Peers



Sestante Aggressive Performance Relative to Peer Group

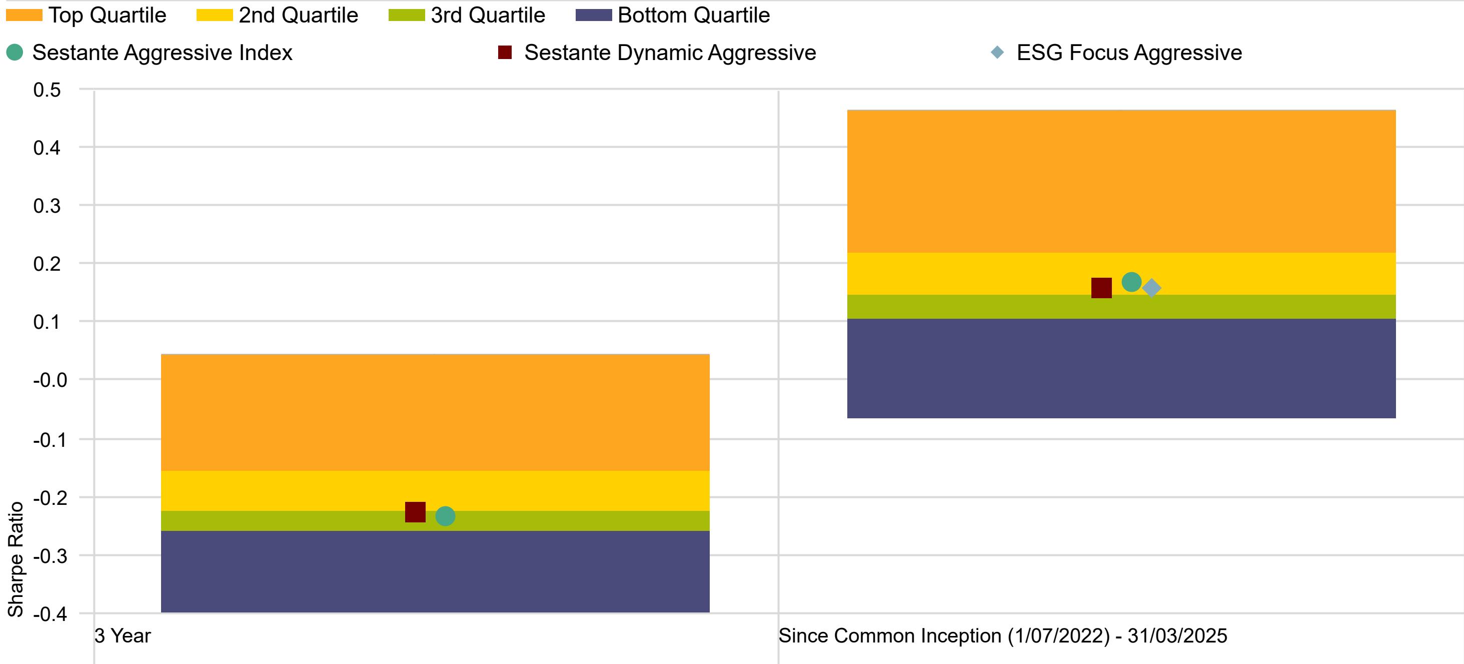
Peer Group (1-100%): Funds - Australia - Multisector Aggressive

Source: Morningstar Direct

AZ Sestante Quarterly Report
As of 31/03/2025
Peer Group Returns
Multisector Aggressive Category

Sharpe Ratio Relative to Peer Group - Aggressive

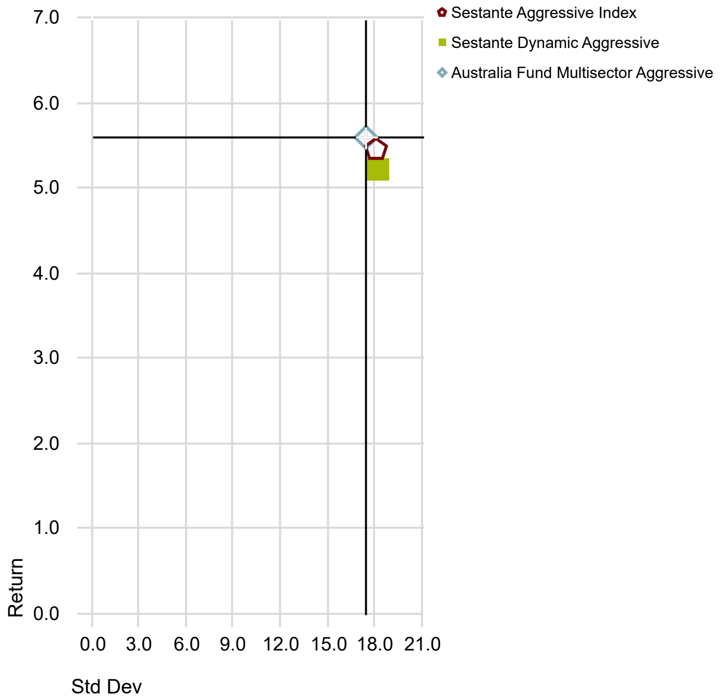
Peer Group (1-100%): Funds - Australia - Multisector Aggressive



Sharpe Ratio is a risk-adjusted measure, It is calculated by using standard deviation and excess return to determine reward per unit of risk. The higher the Sharpe Ratio, the better the fund's historical risk-adjusted performance. The Sharpe Ratio can be used to compare two portfolios directly on how much risk a fund had to bear to earn an excess return over the risk-free rate.

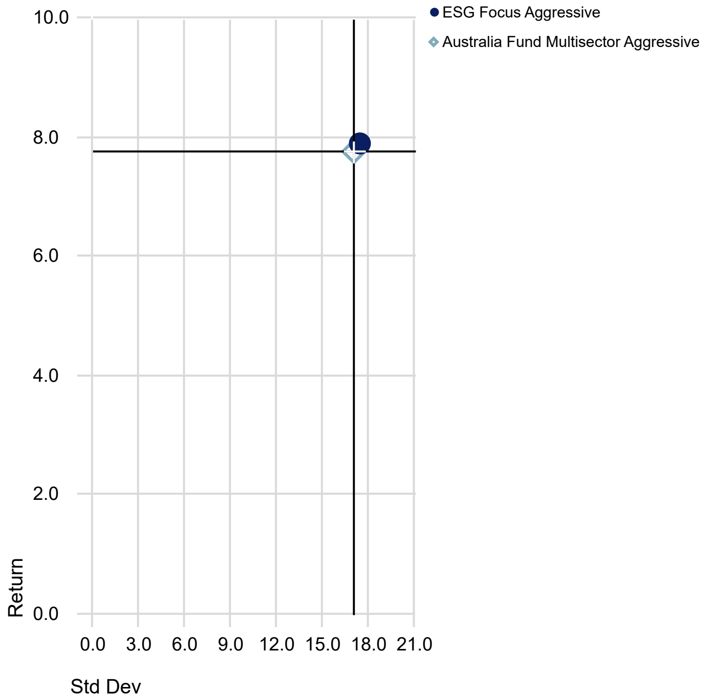
Risk-Reward (Since common inception exclude ESG)

Time Period: Since Common Inception (1/09/2020) to 31/03/2025



Risk-Reward (Since common inception ESG)

Time Period: Since Common Inception (1/07/2022) to 31/03/2025



Source: Morningstar Direct

AZ Sestante

AZ Sestante is a specialist investment consultant focused on designing and managing a range of multi-manager model portfolios via SMAs, MDAs, and fund of funds. Our parent company Azimut is Italy's largest independent asset manager listed on the Italian stock exchange.
E: invest@azsestante.com | www.azsestante.com

Important information

Source: Morningstar Direct