CFS 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.

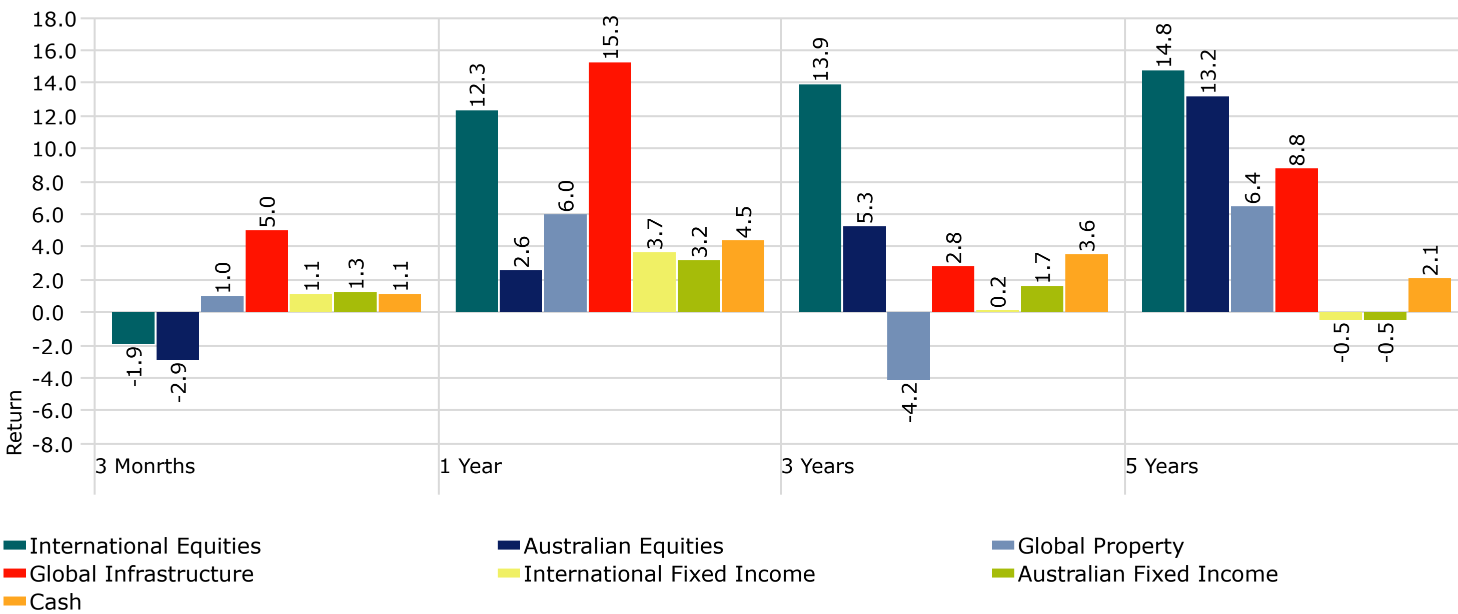
The global investment environment shifted as European equities exceeded expectations, contrary to earlier forecasts favouring U.S. markets. The news about China's more affordable AI technology triggered a correction in high-flying U.S. technology stocks like Nvidia, prompting a shift in focus to Europe.

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

CFS Conservative (Super)

The Dynamic portfolio posted a return of 0.71% for the quarter, underperforming its target. Australian equities performed poorly, but within Australian equities, the Schroders Australian Equity Fund outperformed its benchmark by 2.2% for the quarter, adding significant value to the portfolio. Schroders was overweight the materials sector, while being underweight financials, both of which boosted performance. The other main active Australian equity fund within the portfolio, the Fidelity Australian Equities Fund marginally underperformed the Index. Our Global Infrastructure exposure, the ClearBridge Global Infrastructure Value Fund – Hedged had an excellent quarter, returning 5.0% after fees and comfortably beating its benchmark. With Global Equities, the standout performer was the RQI Global Value Fund that returned 2.6% for the quarter. The fund benefited from the volatility seen in markets and the market trend favouring value stocks. On the contrary, the growth manager, T.Rowe Price was the worst performing Global Equity fund in the portfolio losing 4.1%. This was no surprise given their top 6 holdings were six of the seven "Magnificent Seven" stocks. The portfolio's Fixed Income exposures all produced positive returns for the quarter, with the PIMCO Global Bond Fund being the best performer relative to its own benchmark.

The Index portfolio achieved a quarterly return of 0.29%, underperforming its cash + 1.5% (annual) target. Global listed infrastructure was the best performing asset class for the quarter, significantly outperforming the other asset classes. Equities performed poorly, with Australian equites being the worst performing asset class, closely followed by currency hedged global equities. The main driver behind the poor equity performance was uncertainty related to tariffs and the potentially further tariffs.

CFS Moderate (Super)

The Dynamic portfolio posted a return of 0.62% for the quarter, underperforming its target. Australian equities performed poorly, but within Australian equities, the Schroders Australian Equity Fund outperformed its benchmark by 2.2% for the quarter, adding significant value to the portfolio. Schroders was overweight the materials sector, while being underweight financials, both of which boosted performance. The other main active Australian equity fund within the portfolio, the Fidelity Australian Equities Fund marginally underperformed the Index. Our Global Infrastructure exposure, the ClearBridge Global Infrastructure Value Fund – Hedged had an excellent quarter, returning 5.0% after fees and comfortably beating its benchmark. With Global Equities, the standout performer was the RQI Global Value Fund that returned 2.6% for the quarter. The fund benefited from the volatility seen in markets and the market trend favouring value stocks. On the contrary, the growth manager, T.Rowe Price was the worst performing Global Equity fund in the portfolio losing 4.1%. This was no surprise given their top 6 holdings were six of the seven "Magnificent Seven" stocks. The portfolio's Fixed Income exposures all produced positive returns for the quarter, with the PIMCO Global Bond Fund being the best performer relative to its own benchmark.

The Index portfolio achieved a quarterly return of 0.10%, underperforming its cash + 2.0% (annual) target. Global listed infrastructure was the best performing asset class for the quarter, significantly outperforming the other asset classes. Equities performed poorly, with Australian equites being the worst performing asset class, closely followed by currency hedged global equities. The main driver behind the poor equity performance was uncertainty related to tariffs and the potentially further tariffs.

CFS Diversified (Super)

The Dynamic portfolio posted a 0.33% return for the quarter, underperforming its target. Australian equities performed poorly, but within Australian equities, the Schroders Australian Equity Fund outperformed its benchmark by 2.2% for the quarter, adding significant value to the portfolio. Schroders was overweight the materials sector, while being underweight financials, both of which boosted performance. The other main active Australian equity fund within the portfolio, the Fidelity Australian Equities Fund marginally underperformed the Index. Our Global Infrastructure exposure, the ClearBridge Global Infrastructure Value Fund – Hedged had an excellent quarter, returning 5.0% after fees and comfortably beating its benchmark. With Global Equities, the standout performer was the RQI Global Value Fund that returned 2.6% for the quarter. The fund benefited from the volatility seen in markets and the market trend favouring value stocks. On the contrary, the growth manager, T.Rowe Price was the worst performing Global Equity fund in the portfolio losing 4.1%. This was no surprise given their top 6 holdings were six of the seven "Magnificent Seven" stocks. The portfolio's Fixed Income exposures all produced positive returns for the quarter, with the PIMCO Global Bond Fund being the best performer relative to its own benchmark.

The Index portfolio achieved a quarterly return of -0.52%, underperforming its cash + 2.5% (annual) target. Global listed infrastructure was the best performing asset class for the quarter, significantly outperforming the other asset classes. Equities performed poorly, with Australian equites being the worst performing asset class, closely followed by currency hedged global equities. The main driver behind the poor equity performance was uncertainty related to tariffs and the potentially further tariffs.

CFS Balanced (Super)

The Dynamic portfolio posted a 0.09% return for the quarter, underperforming its target. Australian equities performed poorly, but within Australian equities, the Schroders Australian Equity Fund outperformed its benchmark by 2.2% for the quarter, adding significant value to the portfolio. Schroders was overweight the materials sector, while being underweight financials, both of which boosted performance. The other main active Australian equity fund within the portfolio, the Fidelity Australian Equities Fund marginally underperformed the Index. Our Global Infrastructure exposure, the ClearBridge Global Infrastructure Value Fund – Hedged had an excellent quarter, returning 5.0% after fees and comfortably beating its benchmark. With Global Equities, the standout performer was the RQI Global Value Fund that returned 2.6% for the quarter. The fund benefited from the volatility seen in markets and the market trend favouring value stocks. On the contrary, the growth manager, T.Rowe Price was the worst performing Global Equity fund in the portfolio losing 4.1%. This was no surprise given their top 6 holdings were six of the seven "Magnificent Seven" stocks. The portfolio's Fixed Income exposures all produced positive returns for the quarter, with the PIMCO Global Bond Fund being the best performer relative to its own benchmark.

The Index portfolio achieved a quarterly return of -0.40%, underperforming its cash + 3.25% (annual) target. Global listed infrastructure was the best performing asset class for the quarter, significantly outperforming the other asset classes. Equities performed poorly, with Australian equites being the worst performing asset class, closely followed by currency hedged global equities. The main driver behind the poor equity performance was uncertainty related to tariffs and the potentially further tariffs.

CFS Assertive (Super)

The Dynamic portfolio posted a -0.29% return for the quarter, underperforming its target. Australian equities performed poorly, but within Australian equities, the Schroders Australian Equity Fund outperformed its benchmark by 2.2% for the quarter, adding significant value to the portfolio. Schroders was overweight the materials sector, while being underweight financials, both of which boosted performance. The other main active Australian equity fund within the portfolio, the Fidelity Australian Equities Fund marginally underperformed the Index. Our Global Infrastructure exposure, the ClearBridge Global Infrastructure Value Fund – Hedged had an excellent quarter, returning 5.0% after fees and comfortably beating its benchmark. With Global Equities, the standout performer was the RQI Global Value Fund that returned 2.6% for the quarter. The fund benefited from the volatility seen in markets and the market trend favouring value stocks. On the contrary, the growth manager, T.Rowe Price was the worst performing Global Equity fund in the portfolio losing 4.1%. This was no surprise given their top 6 holdings were six of the seven "Magnificent Seven" stocks.

The Index portfolio achieved a quarterly return of -0.95%, underperforming its cash + 4.0% (annual) target. Global listed infrastructure was the best performing asset class for the quarter, significantly outperforming the other asset classes. Equities performed poorly, with Australian equites being the worst performing asset class, closely followed by currency hedged global equities. The main driver behind the poor equity performance was uncertainty related to tariffs and the potentially further tariffs.

CFS Aggressive (Super)

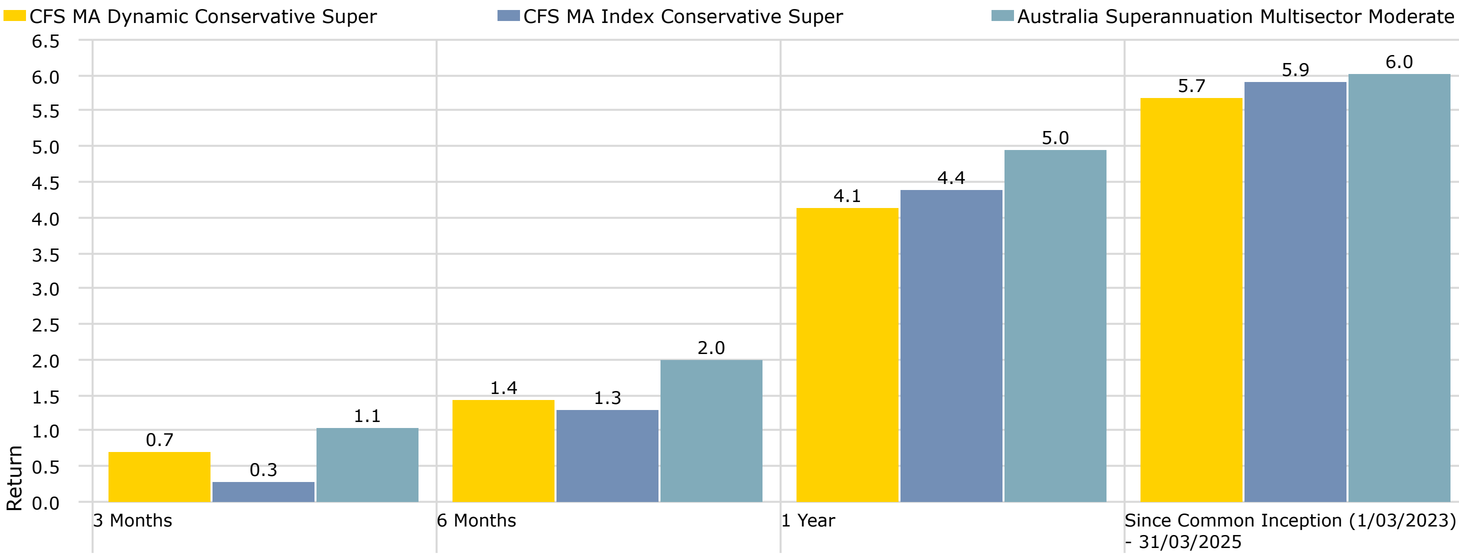
The Dynamic portfolio posted a -0.70% return for the quarter, underperforming its target. Australian equities performed poorly, but within Australian equities, the Schroders Australian Equity Fund outperformed its benchmark by 2.2% for the quarter, adding significant value to the portfolio. Schroders was overweight the materials sector, while being underweight financials, both of which boosted performance. The other main active Australian equity fund within the portfolio, the Fidelity Australian Equities Fund marginally underperformed the Index. Our Global Infrastructure exposure, the ClearBridge Global Infrastructure Value Fund – Hedged had an excellent quarter, returning 5.0% after fees and comfortably beating its benchmark. With Global Equities, the standout performer was the RQI Global Value Fund that returned 2.6% for the quarter. The fund benefited from the volatility seen in markets and the market trend favouring value stocks. On the contrary, the growth manager, T.Rowe Price was the worst performing Global Equity fund in the portfolio losing 4.1%. This was no surprise given their top 6 holdings were six of the seven "Magnificent Seven" stocks.

The Index portfolio achieved a quarterly return of -1.25%, underperforming its cash + 4.5% (annual) target. Global listed infrastructure was the best performing asset class for the quarter, significantly outperforming the other asset classes. Equities performed poorly, with Australian equites being the worst performing asset class, closely followed by currency hedged global equities. The main driver behind the poor equity performance was uncertainty related to tariffs and the potentially further tariffs.

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

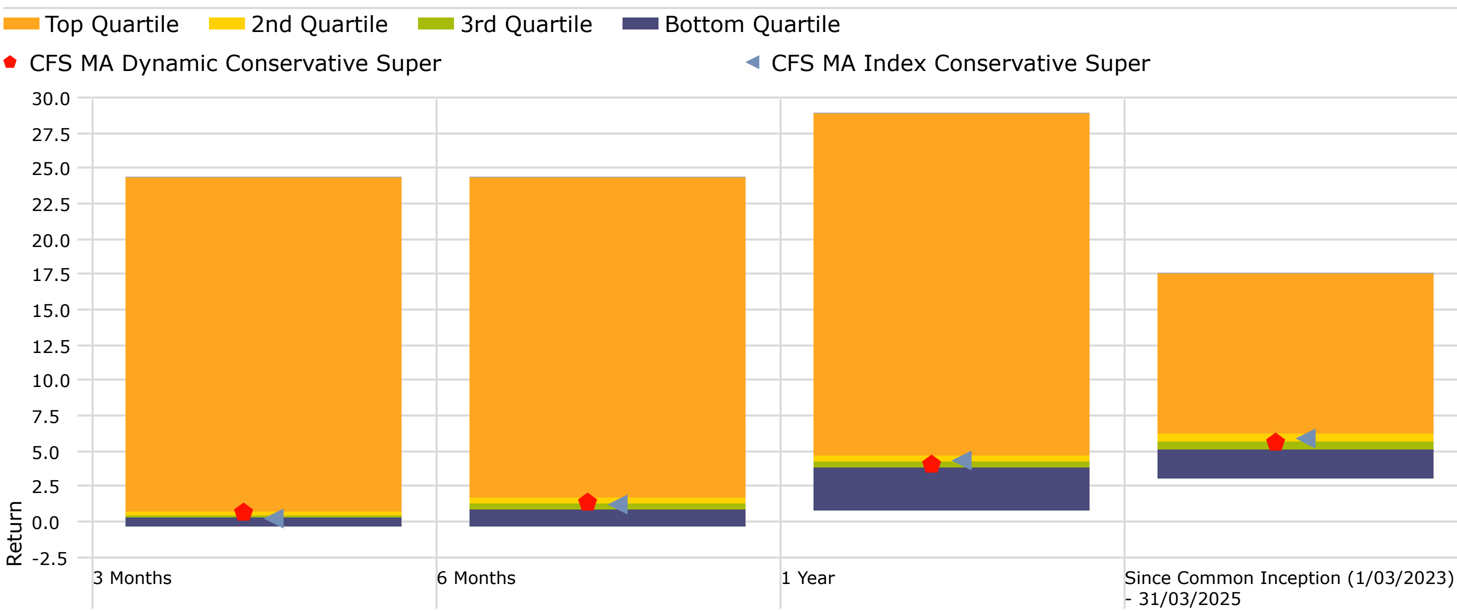
This part of the report aims provide investors an effective way to compare the CFS AZ Sestante portfolios with like options. The Multisector Moderate Category consists of funds that invest in a number of sectors and have between 21% and 40% of their investments exposed to the growth sectors.

Sestante Conservative Portfolios vs Morningstar Peers



Sestante Conservative Performance Relative to Peer Group

Peer Group (1-100%): Insurance and Pension Funds - Australia - Superannuation - Multisector Moderate

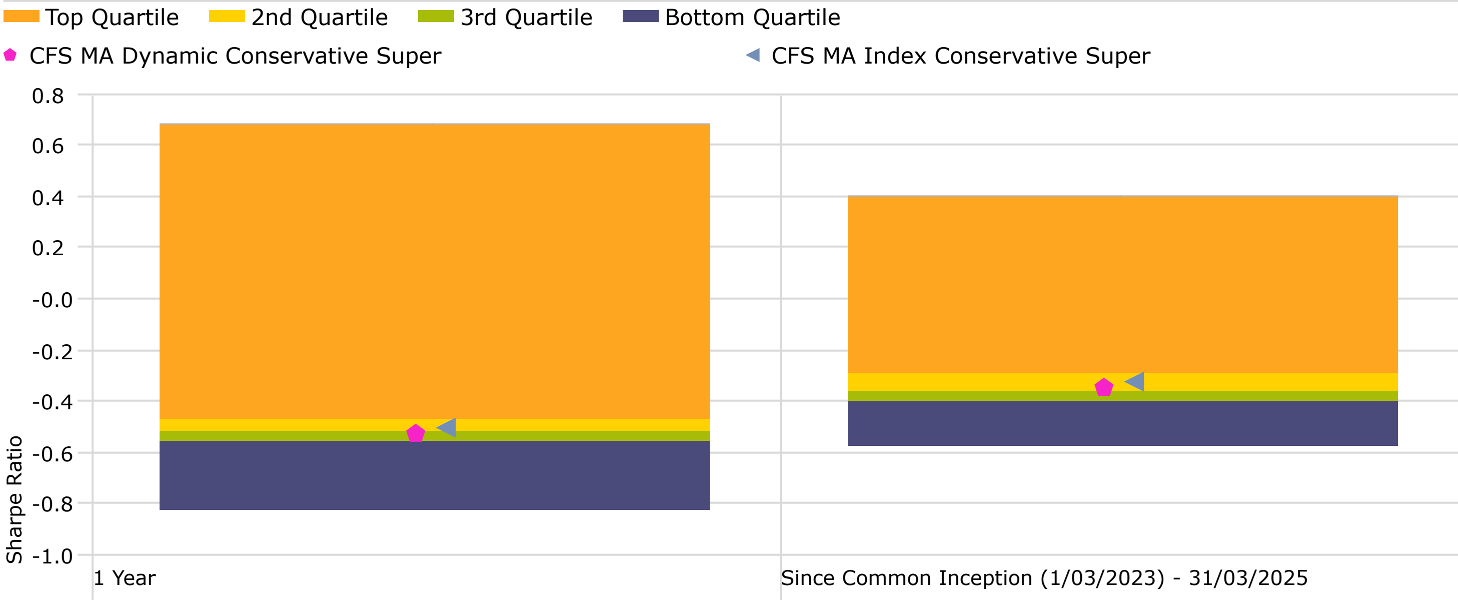


Source: Morningstar Direct

Peer Group Returns
Multisector Moderate Category

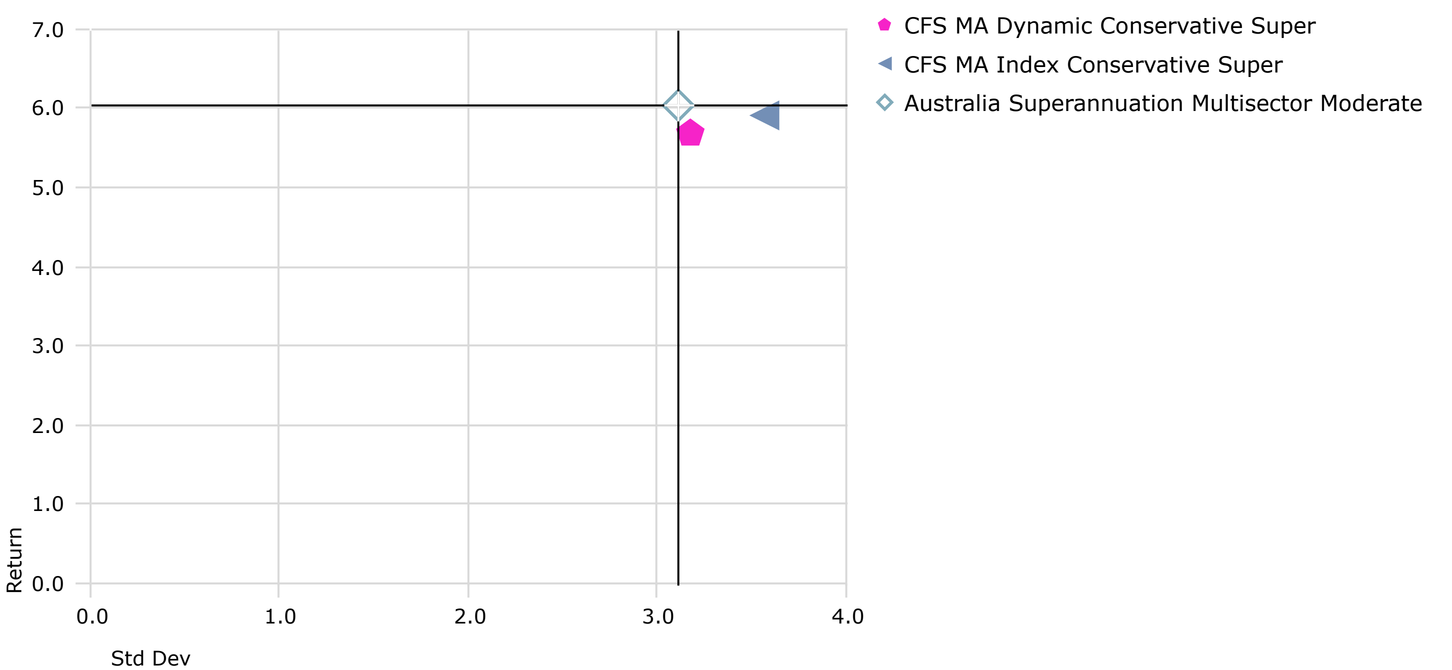
Sharpe Ratio Relative to Peer Group - Conservative

Peer Group (1-100%): Insurance and Pension Funds - Australia - Superannuation - 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)

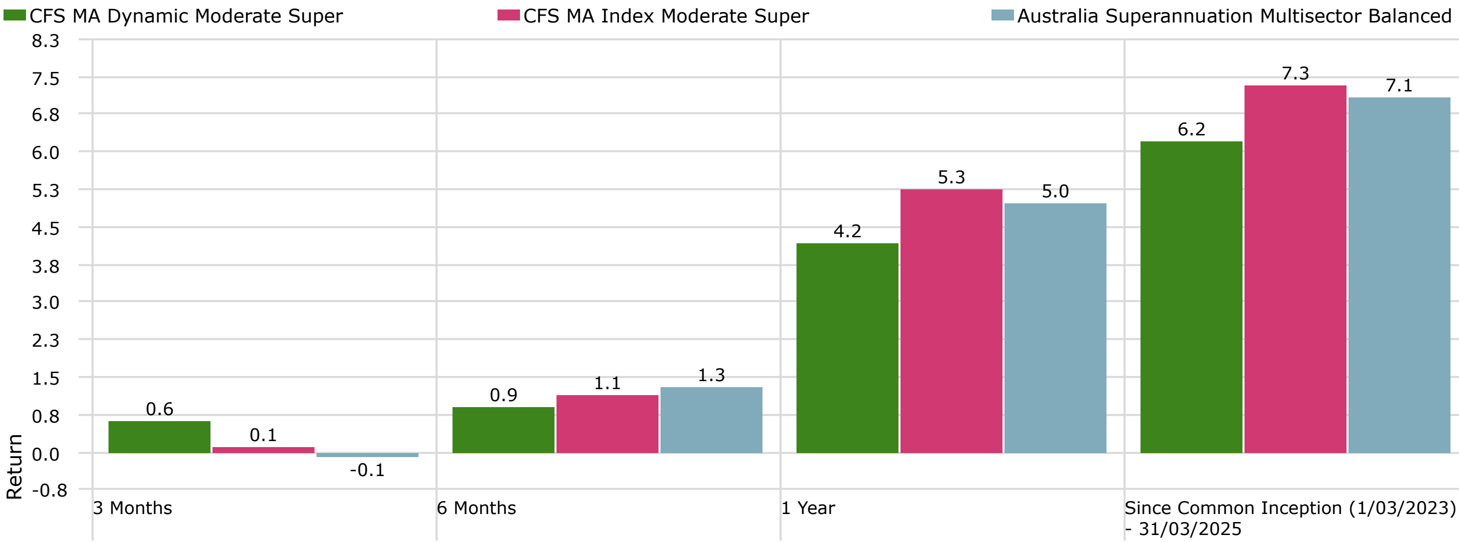


Source: Morningstar Direct

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

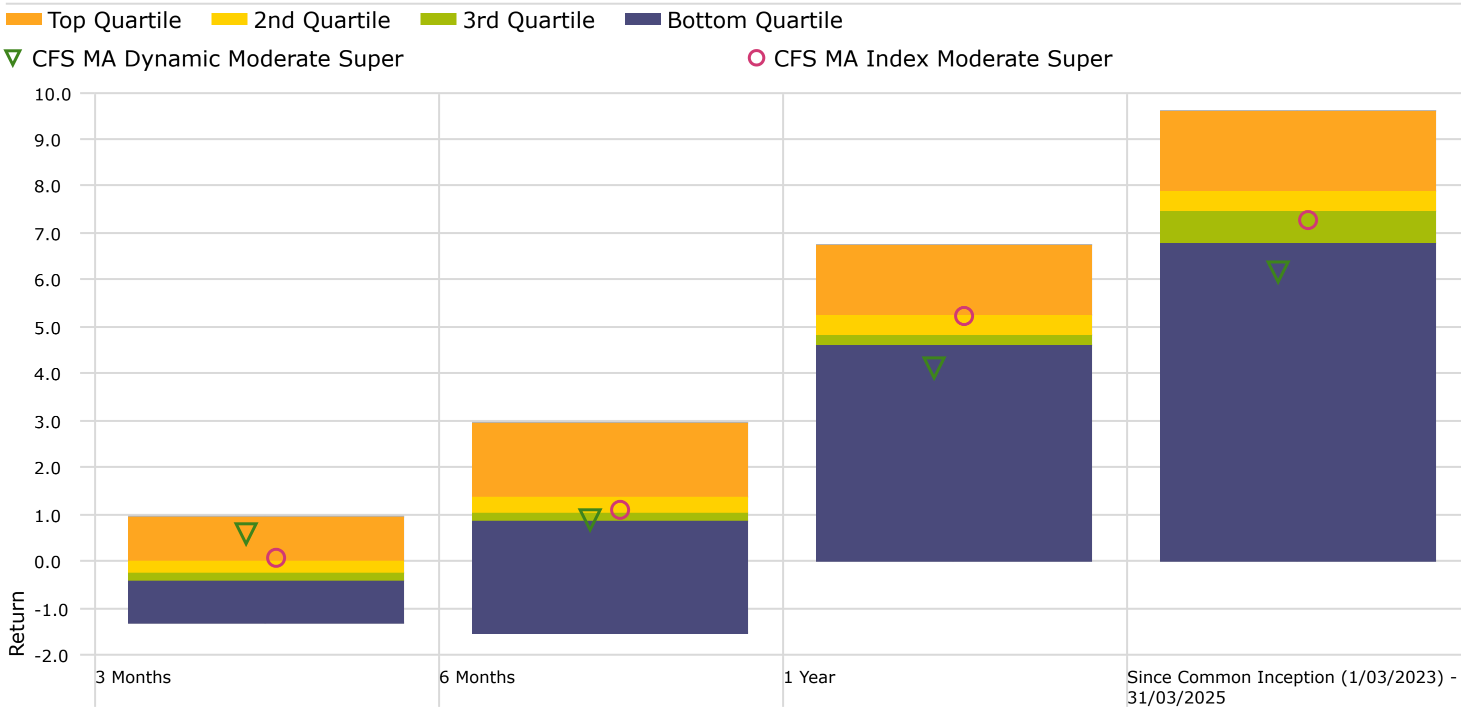
This part of the report aims provide investors an effective way to compare the CFS AZ Sestante portfolios with like options. The Multisector Balanced Category consists of funds that invest in a number of sectors and have between 41% and 60% of their investments exposed to the growth sectors.

Sestante Moderately Conservative Portfolios vs Morningstar Peers



Sestante Moderately Conservative Performance Relative to Peer Group

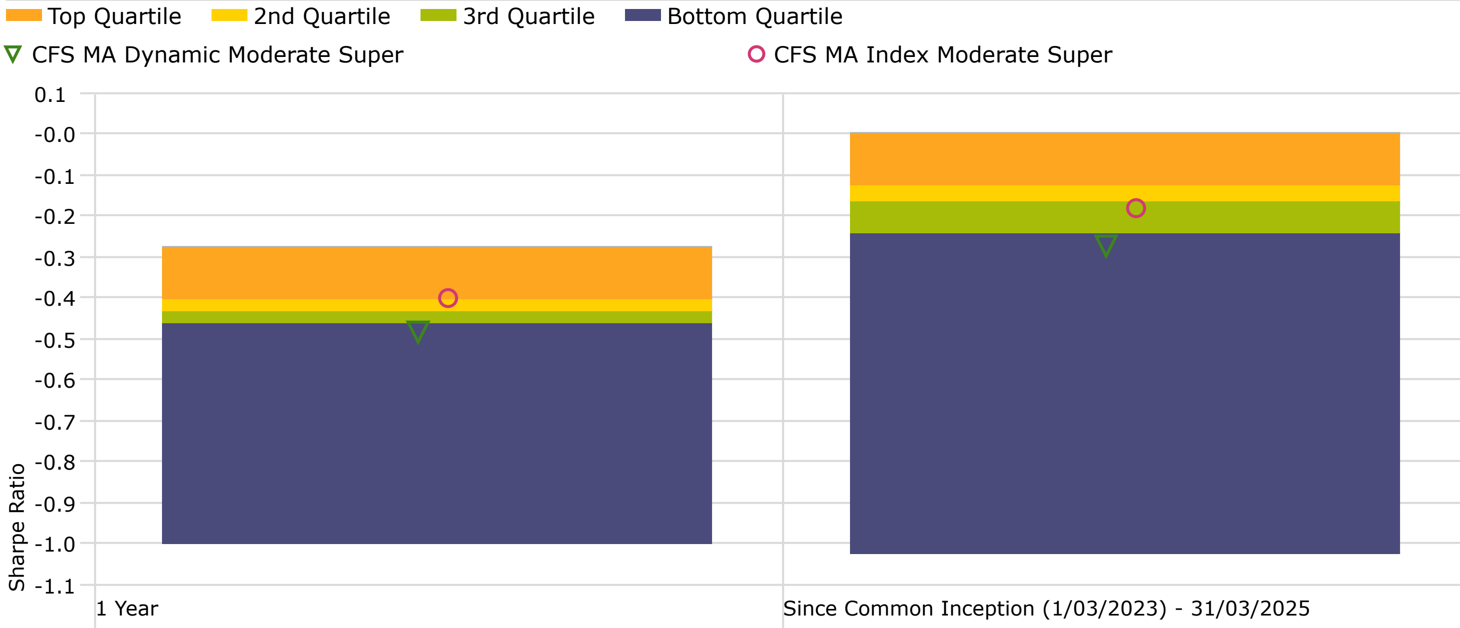
Peer Group (1-100%): Insurance and Pension Funds - Australia - Superannuation - Multisector Balanced



Source: Morningstar Direct

Sharpe Ratio Relative to Peer Group - Moderately Conservative

Peer Group (1-100%): Insurance and Pension Funds - Australia - Superannuation - Multisector Balanced



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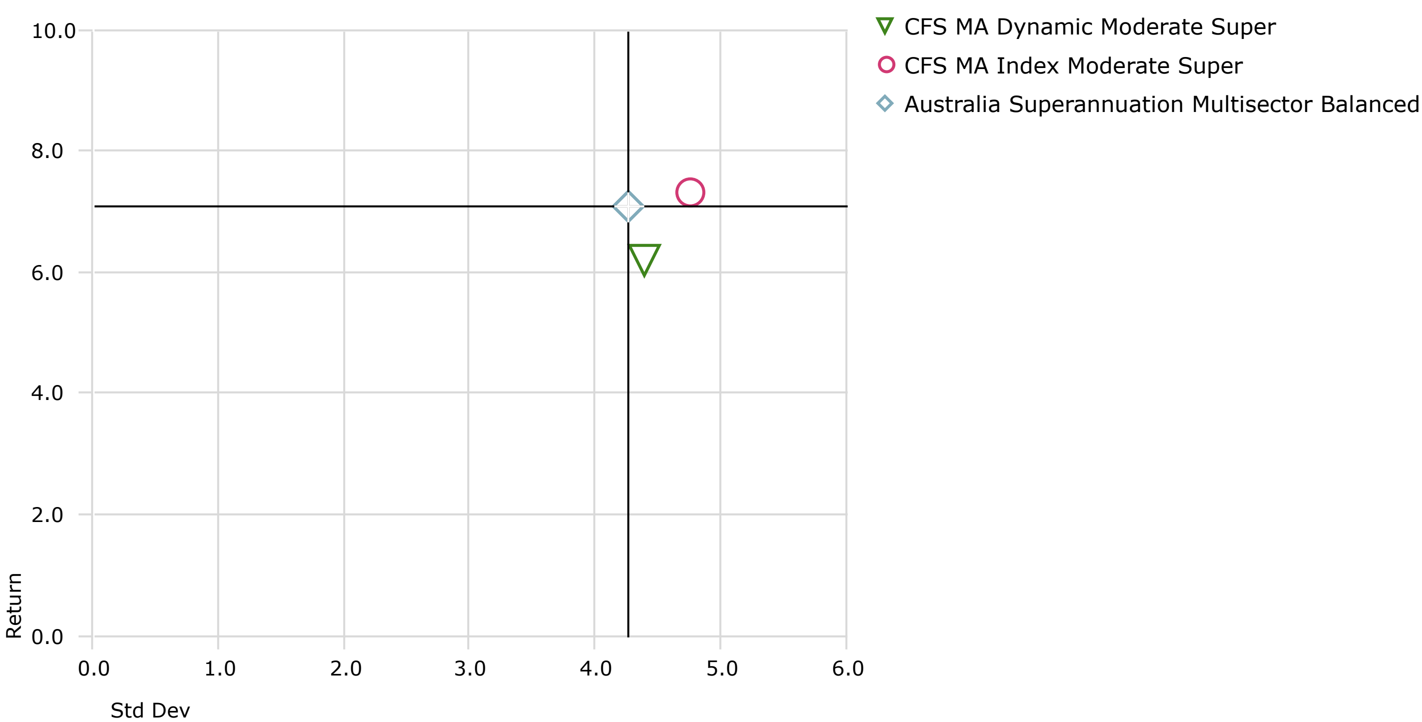
Risk-Reward (Since common inception)



Source: Morningstar Direct

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

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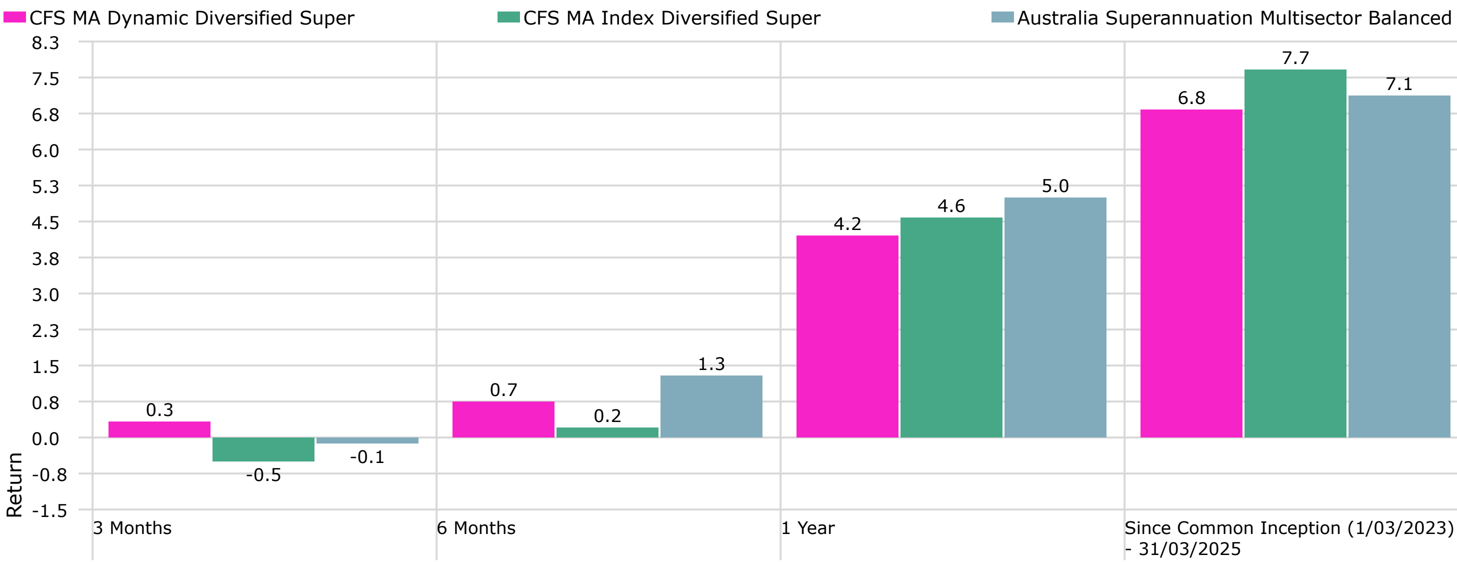
Sestante Moderately Conservative Portfolios vs Morningstar Peers



Sestante Moderately Conservative Performance Relative to Peer Group

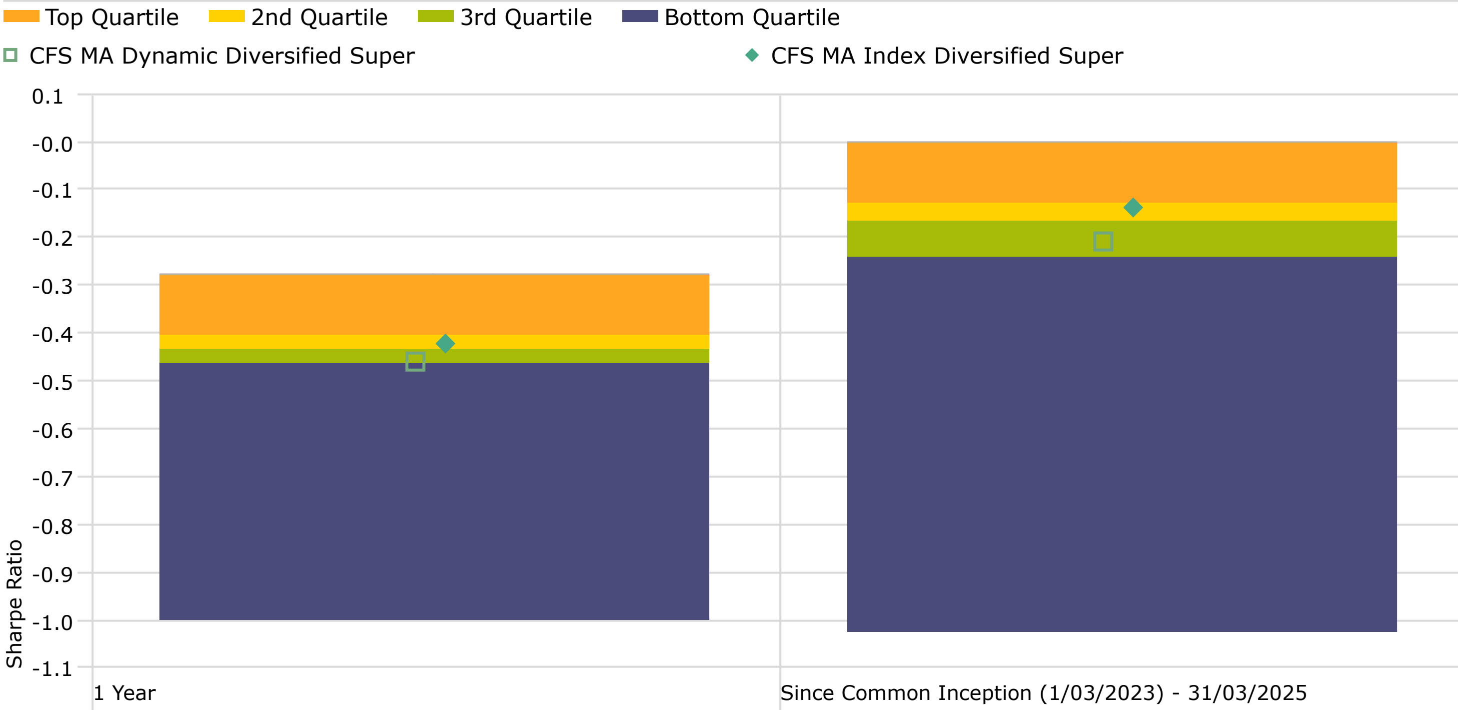
Peer Group (1-100%): Insurance and Pension Funds - Australia - Superannuation - Multisector Balanced

Source: Morningstar Direct

CFS 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%): Insurance and Pension Funds - Australia - Superannuation - Multisector Balanced



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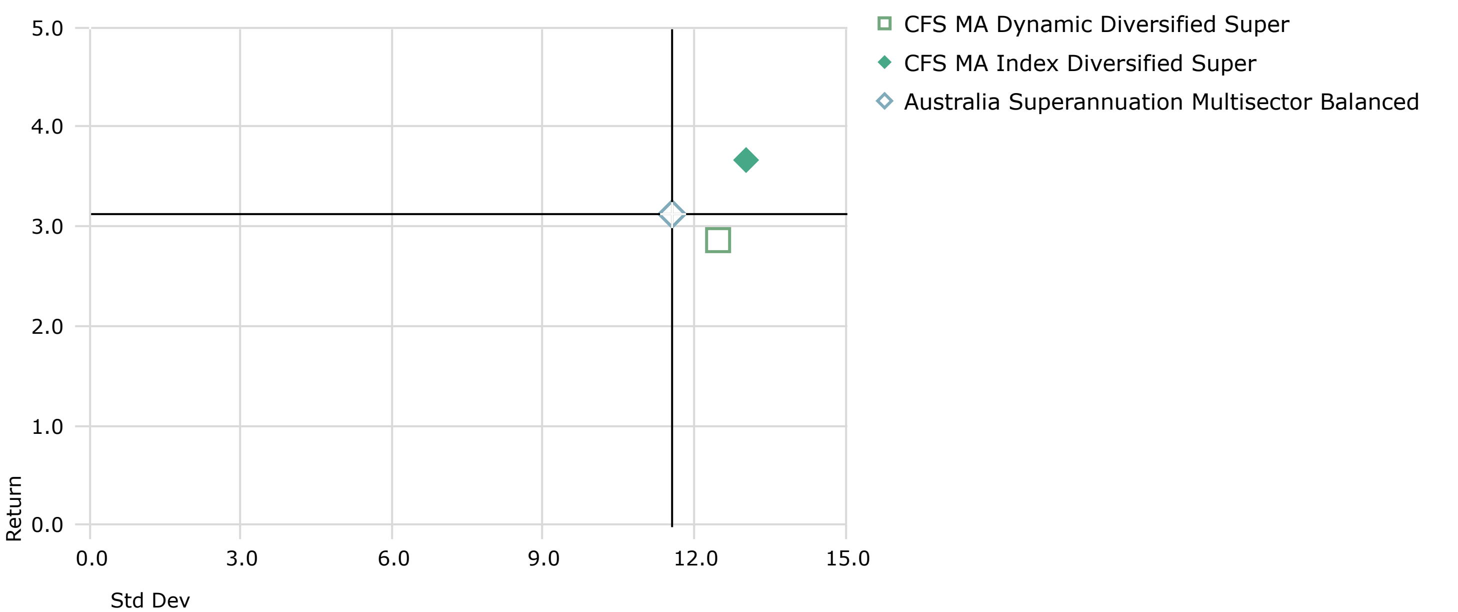
Risk-Reward (Since common inception)

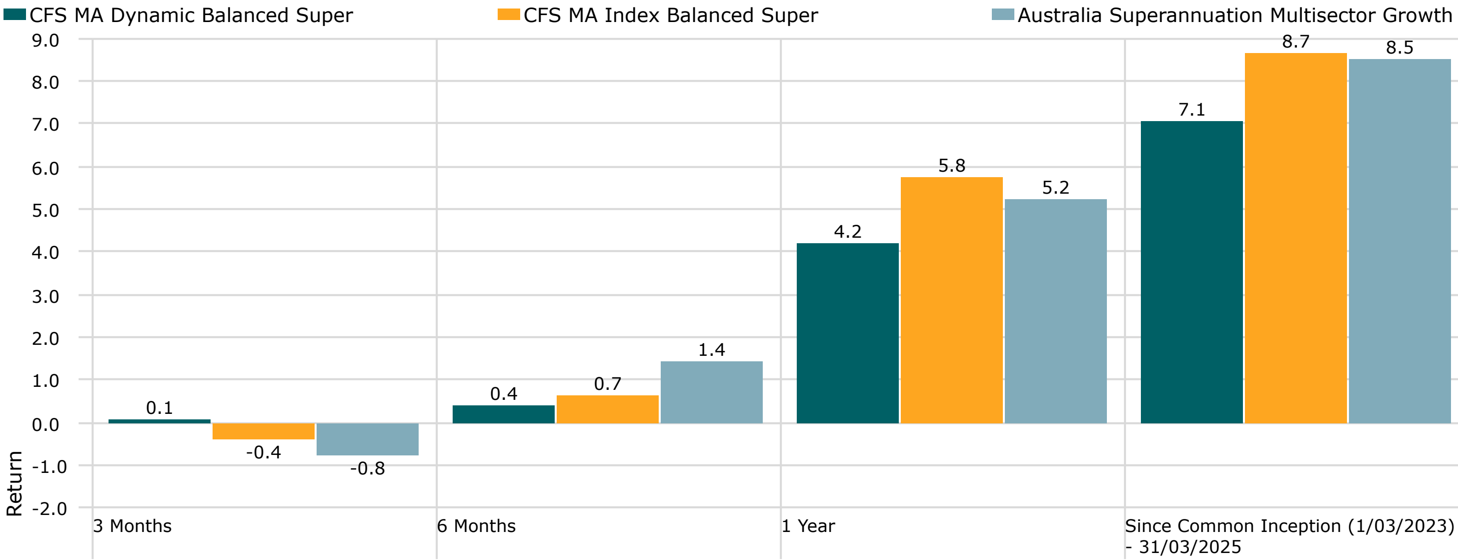


Source: Morningstar Direct

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

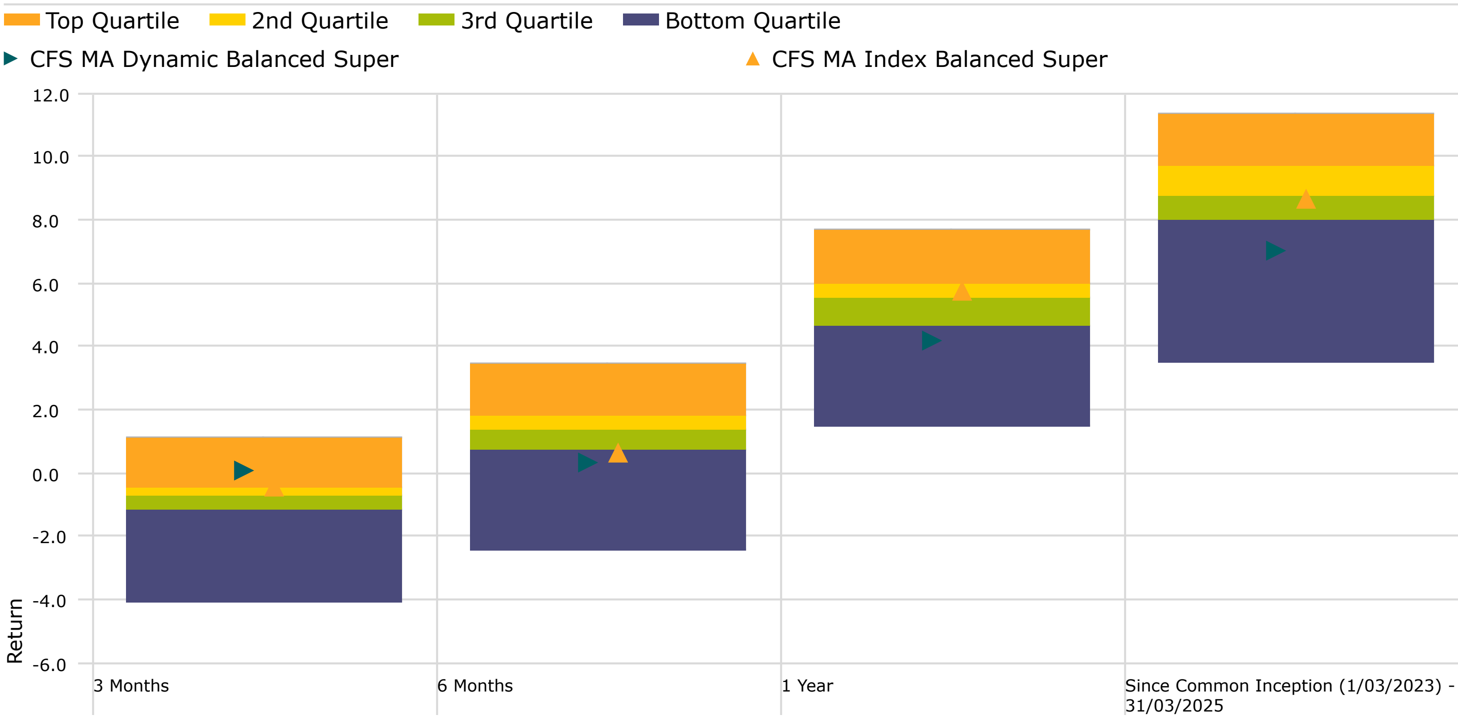
This part of the report aims provide investors an effective way to compare the CFS AZ Sestante portfolios with like options. The Multisector Growth Category consists of funds that invest in a number of sectors and have between 61% and 80% of their investments exposed to the growth sectors.

Sestante Balanced Portfolios vs Morningstar Peers



Sestante Balanced Performance Relative to Peer Group

Peer Group (1-100%): Insurance and Pension Funds - Australia - Superannuation - Multisector Growth

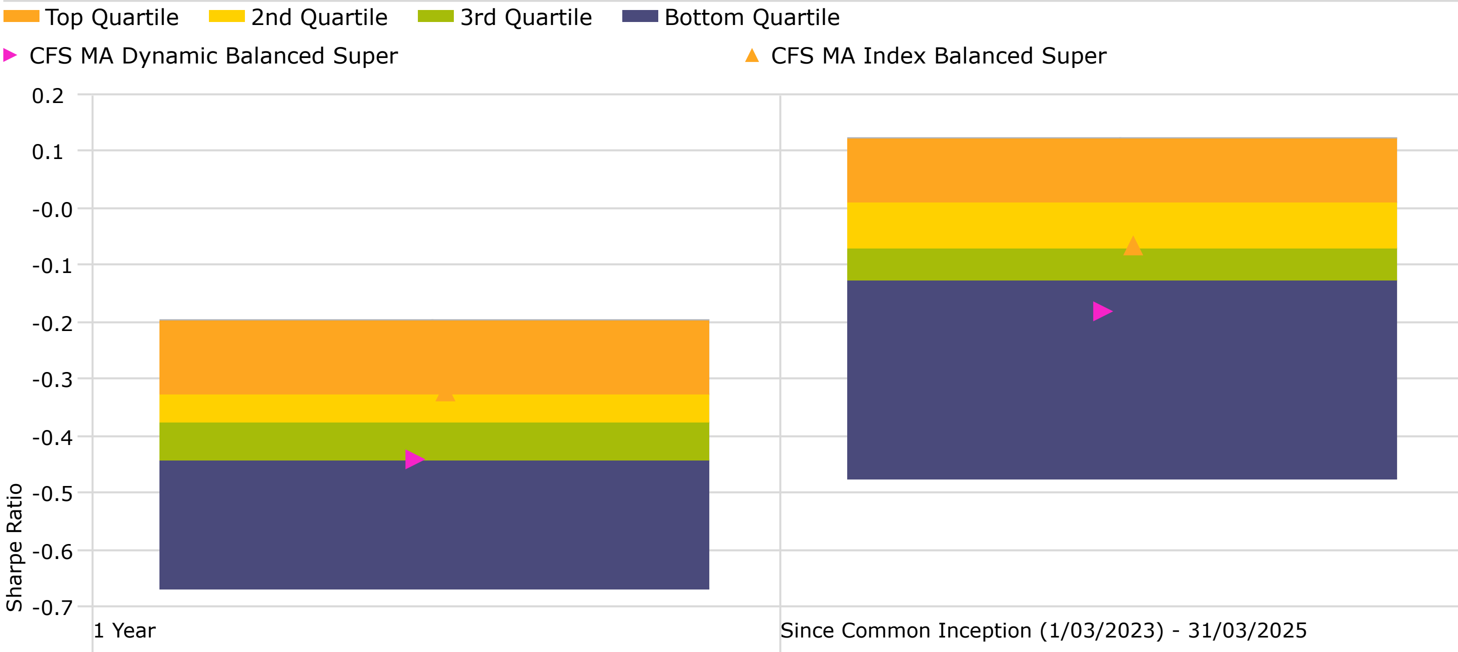


Source: Morningstar Direct

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

Sharpe Ratio Relative to Peer Group - Balanced

Peer Group (1-100%): Insurance and Pension Funds - Australia - Superannuation - Multisector Growth



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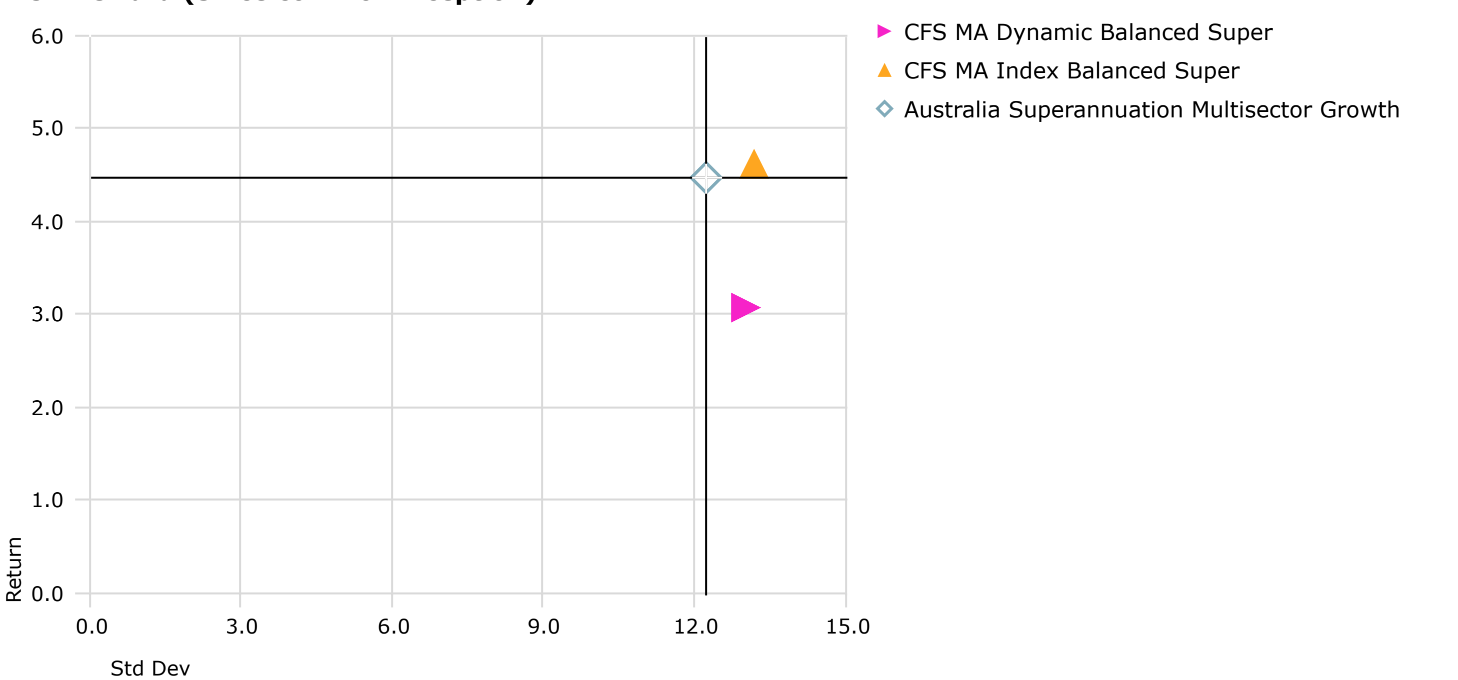
Risk-Reward (Since common inception)

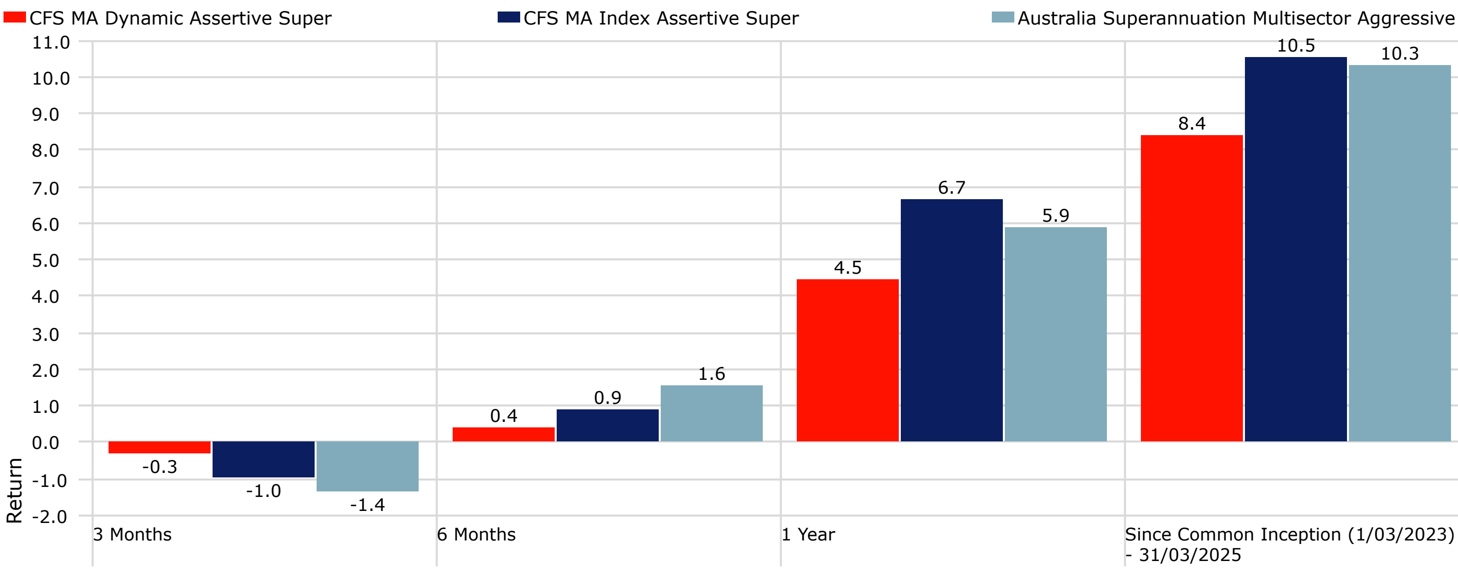


Source: Morningstar Direct

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

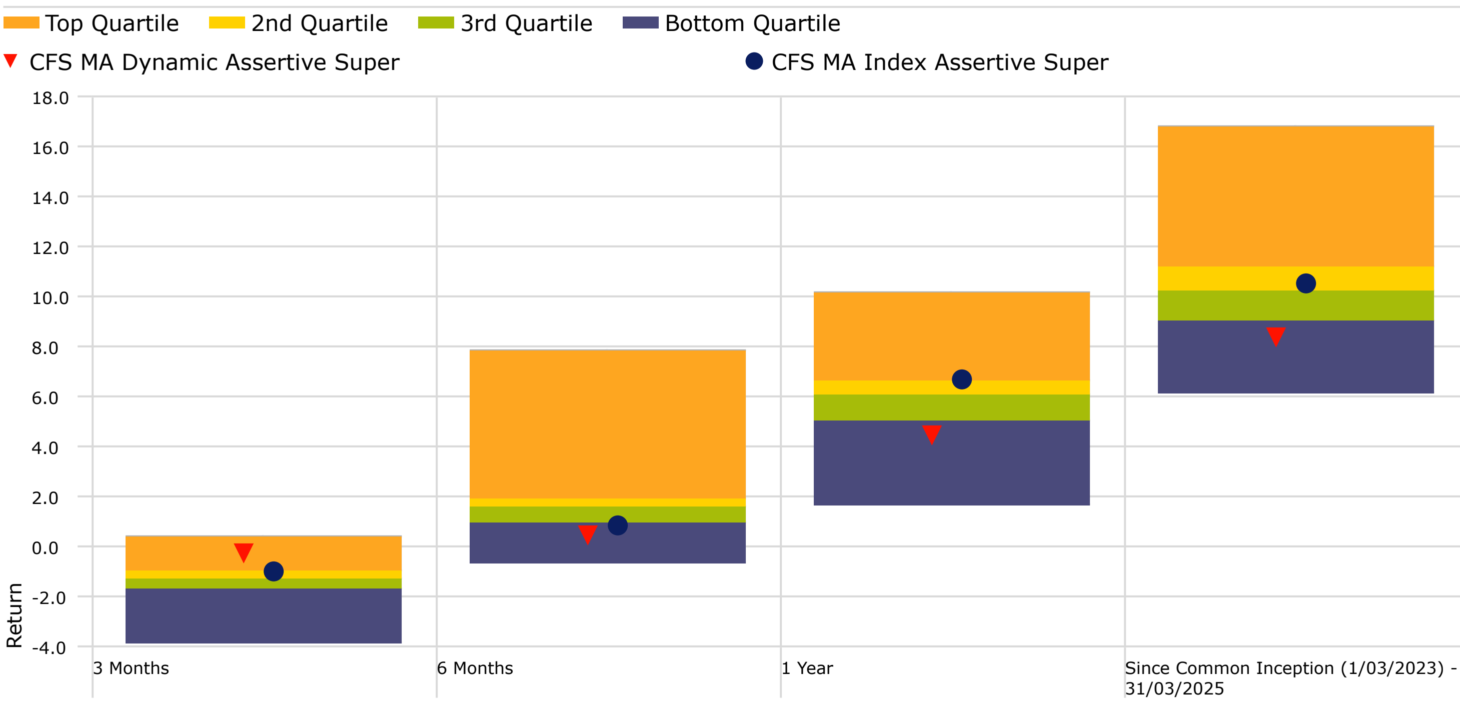
This part of the report aims provide investors an effective way to compare the CFS AZ Sestante portfolios with like options. Multisector Aggressive funds invest in a number of sectors and have over 80% of their assets in growth sectors.

Sestante Assertive Portfolios vs Morningstar Peers



Sestante Assertive Performance Relative to Peer Group

Peer Group (1-100%): Insurance and Pension Funds - Australia - Superannuation - Multisector Aggressive

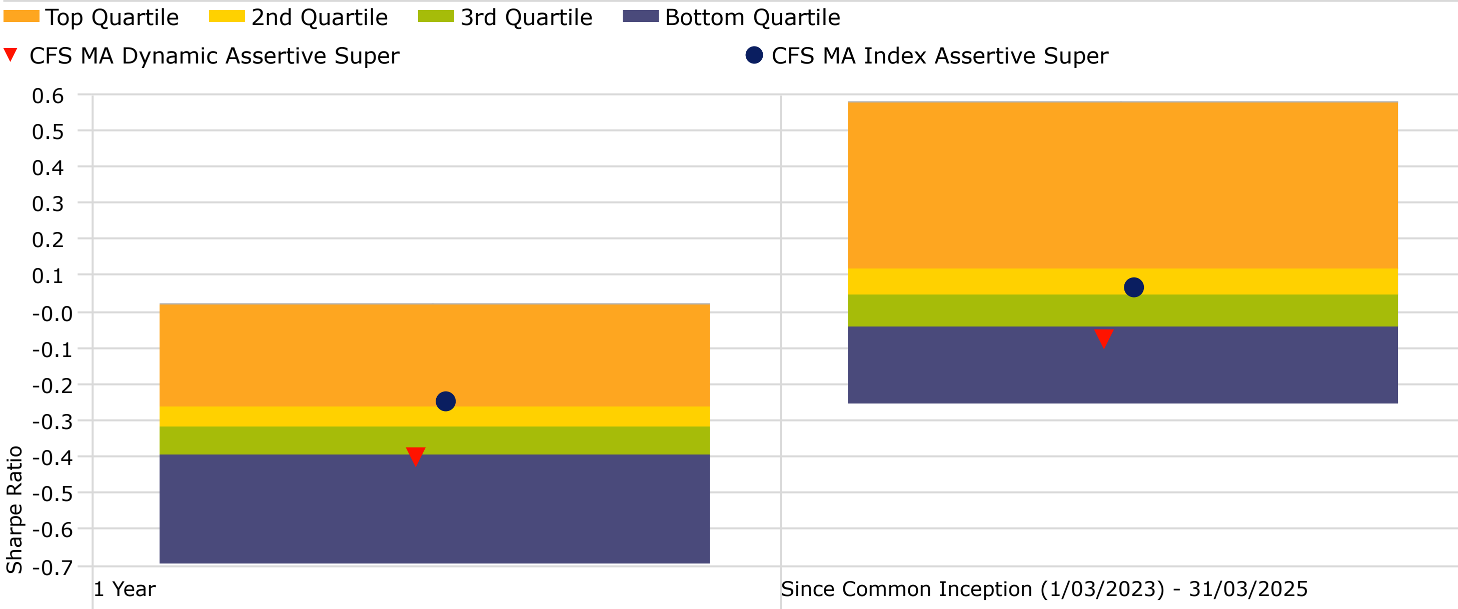


Source: Morningstar Direct

CFS 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%): Insurance and Pension Funds - Australia - Superannuation - Multisector Aggressive



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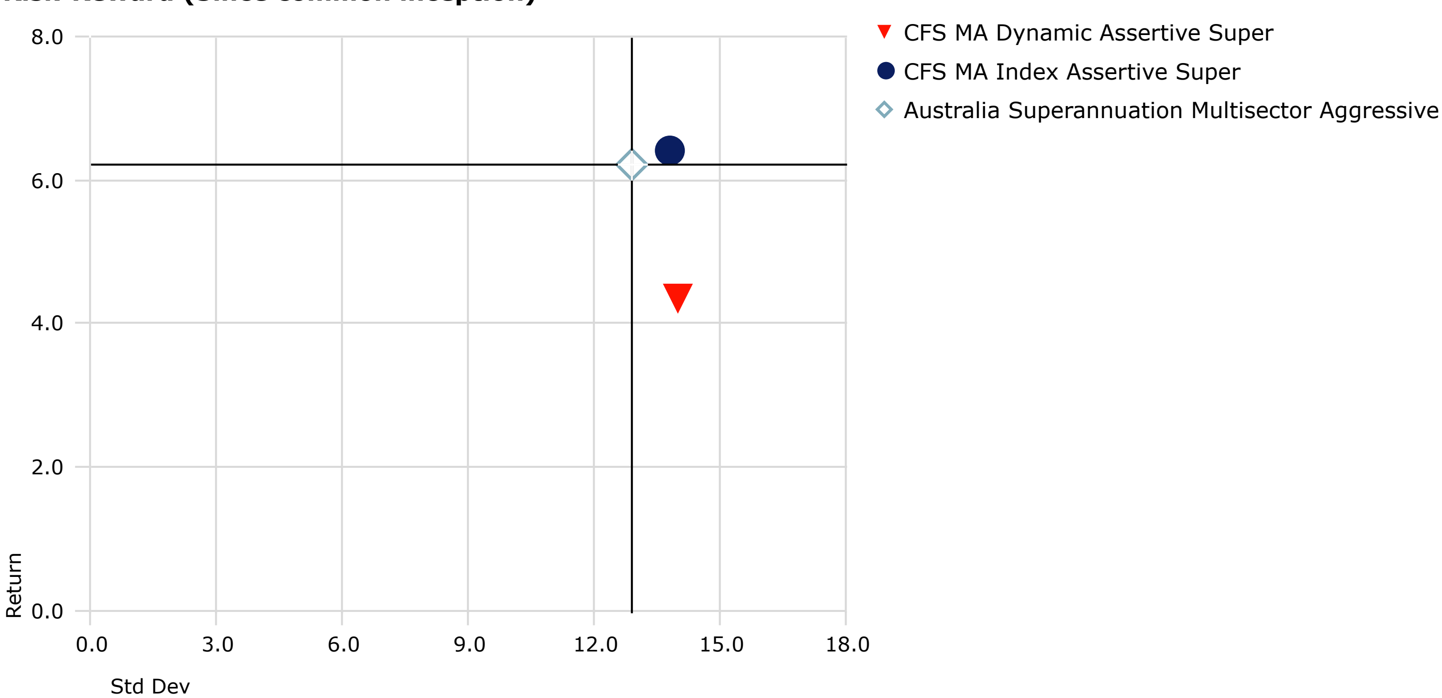
Risk-Reward (Since common inception)



Source: Morningstar Direct

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

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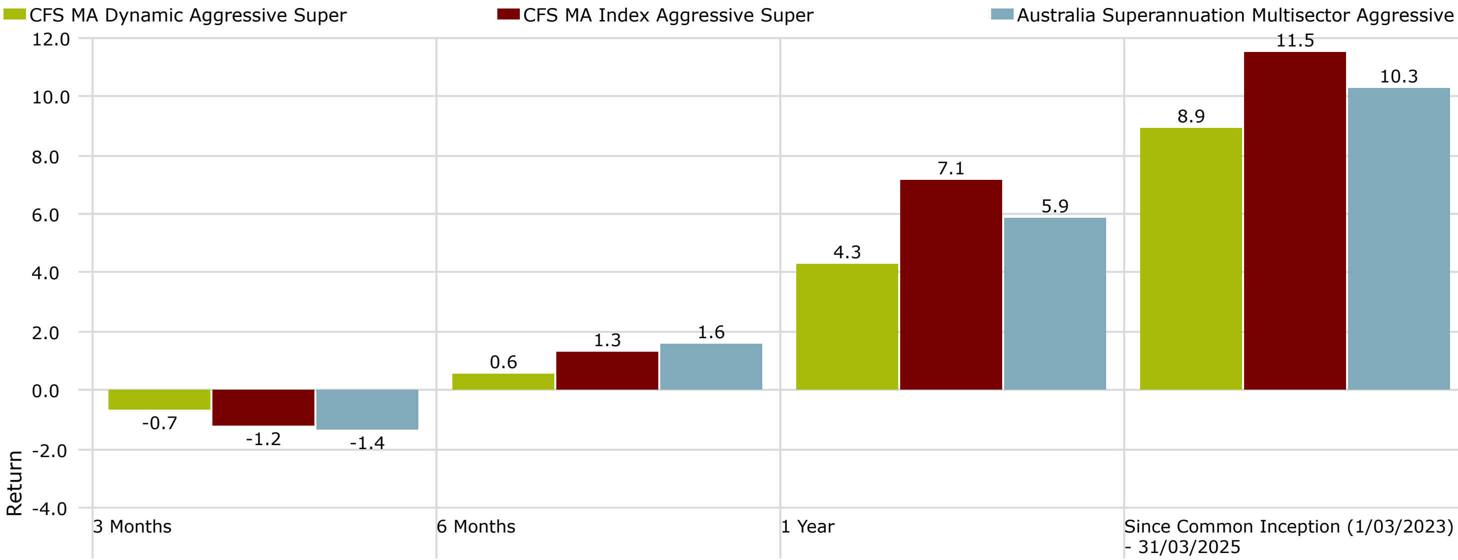
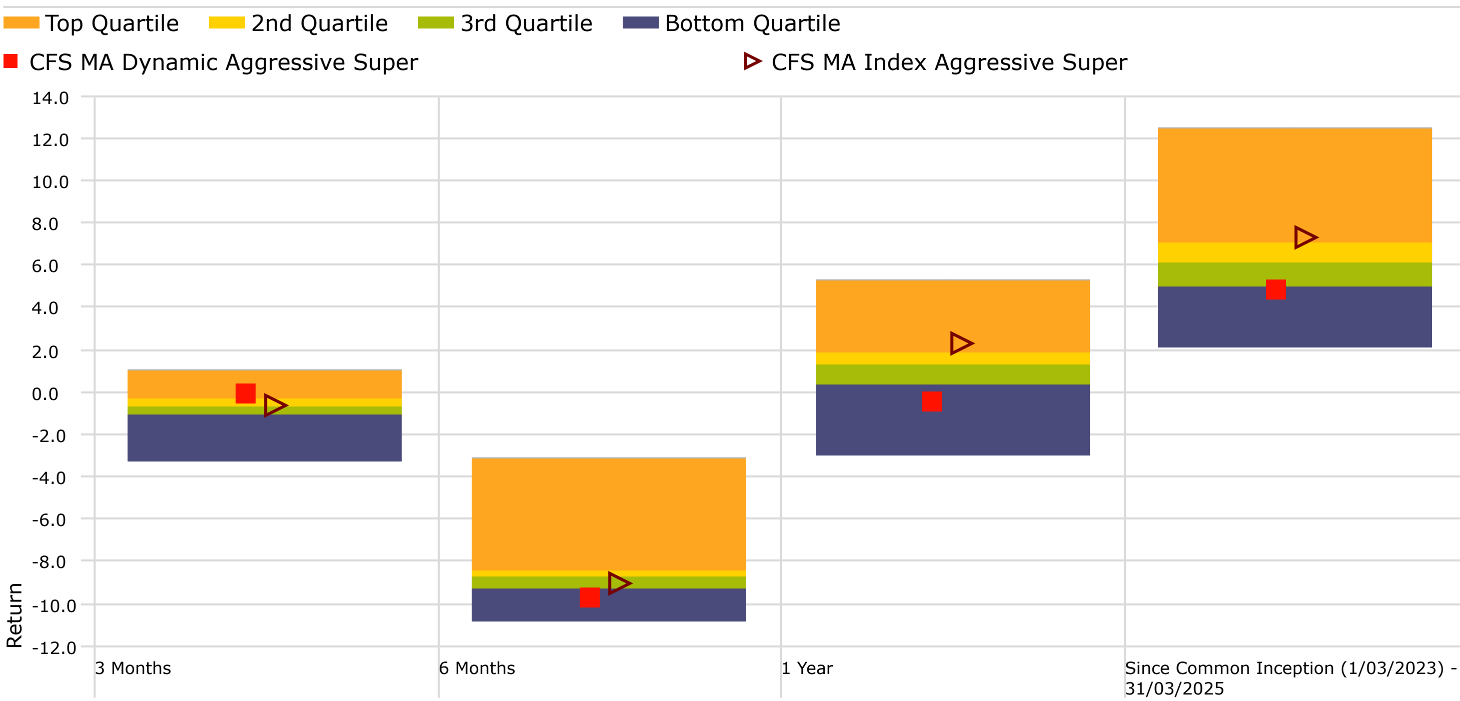
Sestante Aggressive Portfolios vs Morningstar Peers



Sestante Aggressive Performance Relative to Peer Group

Peer Group (1-100%): Insurance and Pension Funds - Australia - Superannuation - Multisector Aggressive

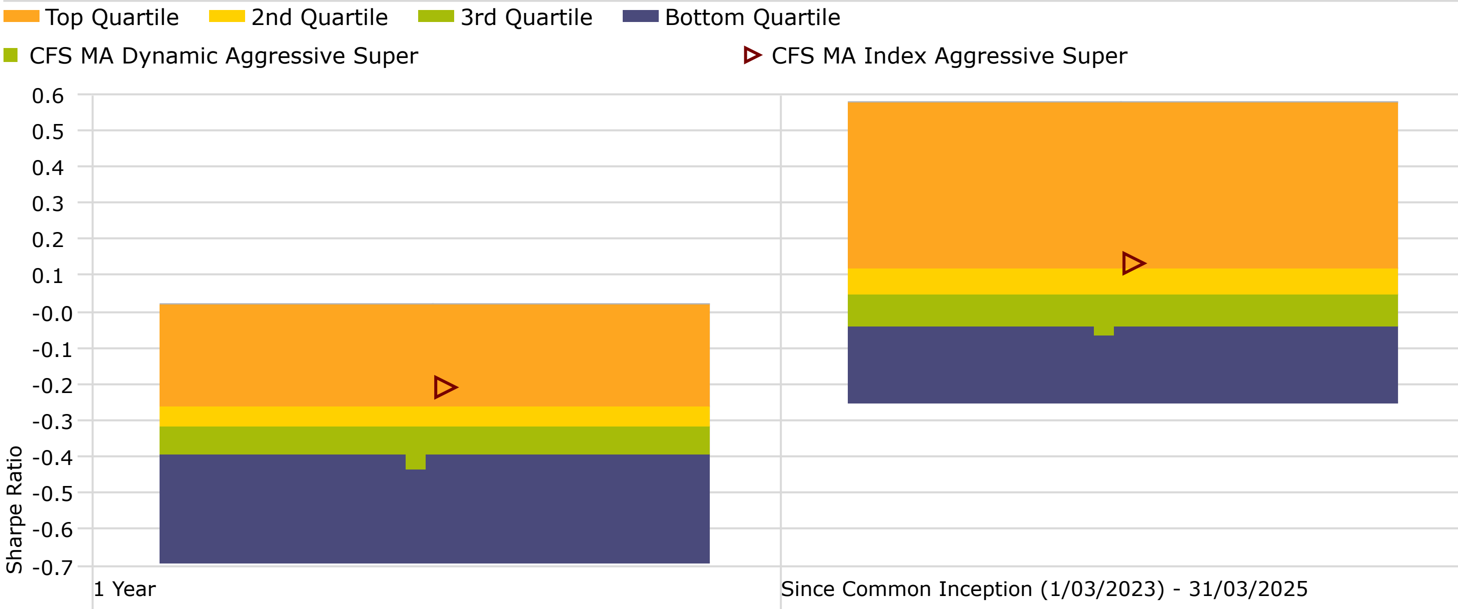


Source: Morningstar Direct

CFS 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%): Insurance and Pension Funds - Australia - Superannuation - Multisector Aggressive



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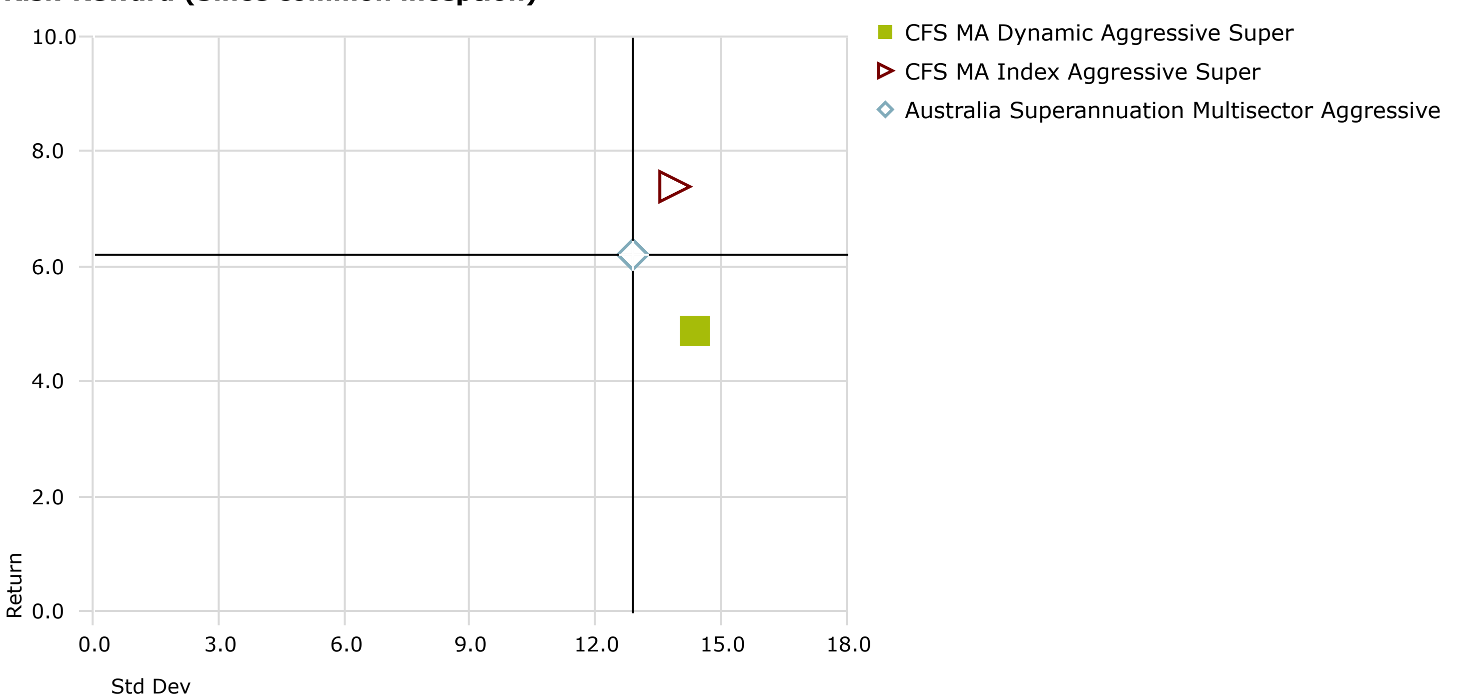
Risk-Reward (Since common inception)



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

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