Market Review

Global investment markets navigated substantial volatility in Q2 2025, ultimately delivering broadly positive returns across major asset classes. The quarter began with sharp market selloffs triggered by the surprise announcement of broad US tariffs dubbed “Liberation Day” but recovered strongly after a 90-day suspension of the tariffs calmed investor fears and reopened trade negotiations, particularly with China.

Equities rebounded decisively, led by US growth stocks. The S&P 500 surged 10.9% in local currency terms, supported by strong corporate earnings and a resurgence in mega-cap tech names, especially those tied to AI. The "Magnificent 7" outperformed the broader index significantly, lifting overall sentiment.

Asian markets outperformed, with Taiwan and South Korea delivering over 12% returns in USD terms. Positive currency moves, easing trade tensions, and strong AI-linked export prospects fuelled this rally. Despite geopolitical instability in the Middle East, emerging market equities outperformed developed markets slightly, helped by US dollar weakness and investor optimism around a US-China trade thaw.

In Europe, equities posted modest local currency gains, but a stronger euro lifted dollar-based returns to parity with Asian markets. Defensive sectors lagged, and UK equities underperformed due to higher exposure to underperforming energy and healthcare stocks.

Fixed income markets showed resilience despite fiscal concerns. US Treasury yields steepened after the passage of the “One Big Beautiful Bill,” sparking long-term debt sustainability fears. However, global investment-grade and high-yield credit recovered from April’s sell-off, finishing the quarter with solid gains. Global inflation-linked bonds outperformed thanks to falling US real yields and a weaker dollar, returning 4.7%.

Currency markets were dominated by US dollar weakness, with the DXY index dropping 7.1%. This supported global equity and bond markets, especially in Europe and Asia.

Commodities underperformed, despite brief spikes in oil prices due to the Middle East conflict. Energy prices fell back by quarter-end due to increased OPEC+ supply, while industrial metals and precious metals posted modest gains.

Looking ahead, while short-term risks have eased, questions around US fiscal policy and global trade dynamics continue to cast uncertainty over markets, reinforcing the importance of diversification and risk-aware positioning.

Returns

As of Date: 30/06/2025

*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 2.68% return, significantly outperforming its cash + 2.0% (annual) benchmark for the quarter. Both the Paradice Australian Equities Fund and the Schroders Australian Equity Fund underperformed their benchmarks, although they did produce solid positive returns. From a global equity perspective, the big thematic was US growth stocks. After "Liberation Day", US equities surged back. The iShares S&P 500 AUD Hedged ETF outperformed the MSCI World Index on both a hedged and unhedged basis adding value over the quarter. Our position in the Vanguard All-World ex-US Shares ETF performed broadly in line with the MSCI AC World Index (unhedged). Infrastructure had a relatively subdued quarter, with the VanEck ETF returning around 1.5%. All of the portfolio's Fixed Income exposures produced positive returns and outperformed their benchmarks, with the exception of the Janus Henderson Tactical Income Fund which marginally underperformed its benchmark.

ESG Portfolio

The ESG portfolio returned 3.06%, significantly outperforming its cash + 2.0% (annual) benchmark for the quarter. The Alphinity Sustainable Shares Fund outperformed the benchmark for the quarter, while the Schroders Australian Equity Fund underperformed. Within Global Equities, the AXA IM Sustainable Equity Fund both hedged and unhedged underperformed. 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 relatively subdued quarter when compared to global equities, but the portfolio's exposure to Infrastructure, the 4D Global Infrastructure Fund had an excellent quarter, returning 8.03% and outperforming its index by over 6%.

Index Portfolio

The Index portfolio delivered a 3.49% return, significantly outperforming its cash + 1.5% (annual) benchmark for the quarter. The best positive return for the quarter was produced by the iShares S&P 500 AUD Hedged ETF with a return of 10.51%, closely followed by the iShares Core S&P/ASX 200 ETF that returned 9.53%. All portfolio constituents produced positive returns this quarter leading to very solid overall returns.

Moderately Conservative Profile

Dynamic Portfolio

The Dynamic portfolio recorded a 3.57% return, significantly outperforming its cash + 2.5% (annual) benchmark for the quarter. Both the Paradice Australian Equities Fund and the Schroders Australian Equity Fund underperformed their benchmarks, although they did produce solid positive returns. From a global equity perspective, the big thematic was US growth stocks. After "Liberation Day", US equities surged back. The iShares S&P 500 AUD Hedged ETF outperformed the MSCI World Index on both a hedged and unhedged basis adding value over the quarter. Our position in the Vanguard All-World ex-US Shares ETF performed broadly in line with the MSCI AC World Index (unhedged). Real assets i.e. Infrastructure and Property had a relatively subdued quarter, with both of the VanEck ETFs in the portfolio returning around 1.5%. All of the portfolio's Fixed Income exposures produced positive returns and outperformed their benchmarks, with the exception of the Janus Henderson Tactical Income Fund which marginally underperformed its benchmark.

ESG Portfolio

The ESG portfolio returned 4.27%, significantly outperforming its cash + 2.5% (annual) benchmark for the quarter. The Alphinity Sustainable Shares Fund outperformed the benchmark for the quarter, while the Schroders Australian Equity Fund underperformed. Within Global Equities, the AXA IM Sustainable Equity Fund both hedged and unhedged underperformed. 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 relatively subdued quarter when compared to global equities, but the portfolio's exposure to Infrastructure, the 4D Global Infrastructure Fund had an excellent quarter, returning 8.03% and outperforming its index by over 6%.

Index Portfolio

The Index portfolio delivered a 4.77% return, significantly outperforming its cash + 2.0% (annual) benchmark for the quarter. The best positive return for the quarter was produced by the iShares S&P 500 AUD Hedged ETF with a return of 10.51%, closely followed by the iShares Core S&P/ASX 200 ETF that returned 9.53%. All portfolio constituents produced positive returns this quarter leading to very solid overall returns.

Source: Morningstar Direct

Balanced Profile

Dynamic Portfolio

The Dynamic portfolio recorded a 4.76% return, significantly outperforming its cash + 3.5% (annual) benchmark for the quarter. Both the Paradice Australian Equities Fund and the Schroders Australian Equity Fund underperformed their benchmarks, although they did produce solid positive returns. From a global equity perspective, the big thematic was US growth stocks. After "Liberation Day", US equities surged back. The iShares S&P 500 AUD Hedged ETF outperformed the MSCI World Index on both a hedged and unhedged basis adding value over the quarter. Our position in the Vanguard All-World ex-US Shares ETF performed broadly in line with the MSCI AC World Index (unhedged). Real assets i.e. Infrastructure and Property had a relatively subdued quarter, with both of the VanEck ETFs in the portfolio returning around 1.5%. All of the portfolio's Fixed Income exposures produced positive returns and outperformed their benchmarks, with the exception of the Janus Henderson Tactical Income Fund which marginally underperformed its benchmark.

ESG Portfolio

The ESG portfolio returned 5.37%, significantly outperforming its cash + 3.5% (annual) benchmark for the quarter. The Alphinity Sustainable Shares Fund outperformed the benchmark for the quarter, while the Schroders Australian Equity Fund underperformed. Within Global Equities, the AXA IM Sustainable Equity Fund both hedged and unhedged underperformed. 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 relatively subdued quarter when compared to global equities, but the portfolio's exposure to Infrastructure, the 4D Global Infrastructure Fund had an excellent quarter, returning 8.03% and outperforming its index by over 6%.

Index Portfolio

The Index portfolio delivered a 6.07% return, significantly outperforming its cash + 2.5% (annual) benchmark for the quarter. The best positive return for the quarter was produced by the iShares S&P 500 AUD Hedged ETF with a return of 10.51%, closely followed by the iShares Core S&P/ASX 200 ETF that returned 9.53%. All portfolio constituents produced positive returns this quarter leading to very solid overall returns.

Assertive Profile

Dynamic Portfolio

The Dynamic portfolio recorded a 5.68% return, significantly outperforming its cash + 4.5% (annual) benchmark for the quarter. Both the Paradice Australian Equities Fund and the Schroders Australian Equity Fund underperformed their benchmarks, although they did produce solid positive returns. From a global equity perspective, the big thematic was US growth stocks. After "Liberation Day", US equities surged back. The iShares S&P 500 AUD Hedged ETF outperformed the MSCI World Index on both a hedged and unhedged basis adding value over the quarter. Our position in the Vanguard All-World ex-US Shares ETF performed broadly in line with the MSCI AC World Index (unhedged). Real assets i.e. Infrastructure and Property had a relatively subdued quarter, with both of the VanEck ETFs in the portfolio returning around 1.5%. All of the portfolio's Fixed Income exposures produced positive returns and outperformed their benchmarks.

ESG Portfolio

The ESG portfolio returned 6.55%, significantly outperforming its cash + 4.5% (annual) benchmark for the quarter. The Alphinity Sustainable Shares Fund outperformed the benchmark for the quarter, while the Schroders Australian Equity Fund underperformed. Within Global Equities, the AXA IM Sustainable Equity Fund both hedged and unhedged underperformed. 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 relatively subdued quarter when compared to global equities, but the portfolio's exposure to Infrastructure, the 4D Global Infrastructure Fund had an excellent quarter, returning 8.03% and outperforming its index by over 6%.

Index Portfolio

The Index portfolio delivered a 7.40% return, significantly outperforming its cash + 3.0% (annual) benchmark for the quarter. The best positive return for the quarter was produced by the iShares S&P 500 AUD Hedged ETF with a return of 10.51%, closely followed by the iShares Core S&P/ASX 200 ETF that returned 9.53%. All portfolio constituents produced positive returns this quarter leading to very solid overall returns.

Source: Morningstar Direct

Aggressive Profile

Dynamic Portfolio

The Dynamic portfolio recorded a 6.16% return, significantly outperforming its cash + 5.0% (annual) benchmark for the quarter. Both the Paradice Australian Equities Fund and the Schroders Australian Equity Fund underperformed their benchmarks, although they did produce solid positive returns. From a global equity perspective, the big thematic was US growth stocks. After “Liberation Day”, US equities surged back. The iShares S&P 500 AUD Hedged ETF outperformed the MSCI World Index on both a hedged and unhedged basis adding value over the quarter. Our position in the Vanguard All-World ex-US Shares ETF performed broadly in line with the MSCI AC World Index (unhedged). Real assets i.e. Infrastructure and Property had a relatively subdued quarter, with both of the VanEck ETFs in the portfolio returning around 1.5%.

ESG Portfolio

The ESG portfolio returned 6.72%, significantly outperforming its cash + 5.0% (annual) benchmark for the quarter. The Alphinity Sustainable Shares Fund outperformed the benchmark for the quarter, while the Schroders Australian Equity Fund underperformed. Within Global Equities, the AXA IM Sustainable Equity Fund both hedged and unhedged underperformed. 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 relatively subdued quarter when compared to global equities, but the portfolio’s exposure to Infrastructure, the 4D Global Infrastructure Fund had an excellent quarter, returning 8.03% and outperforming its index by over 6%.

Index Portfolio

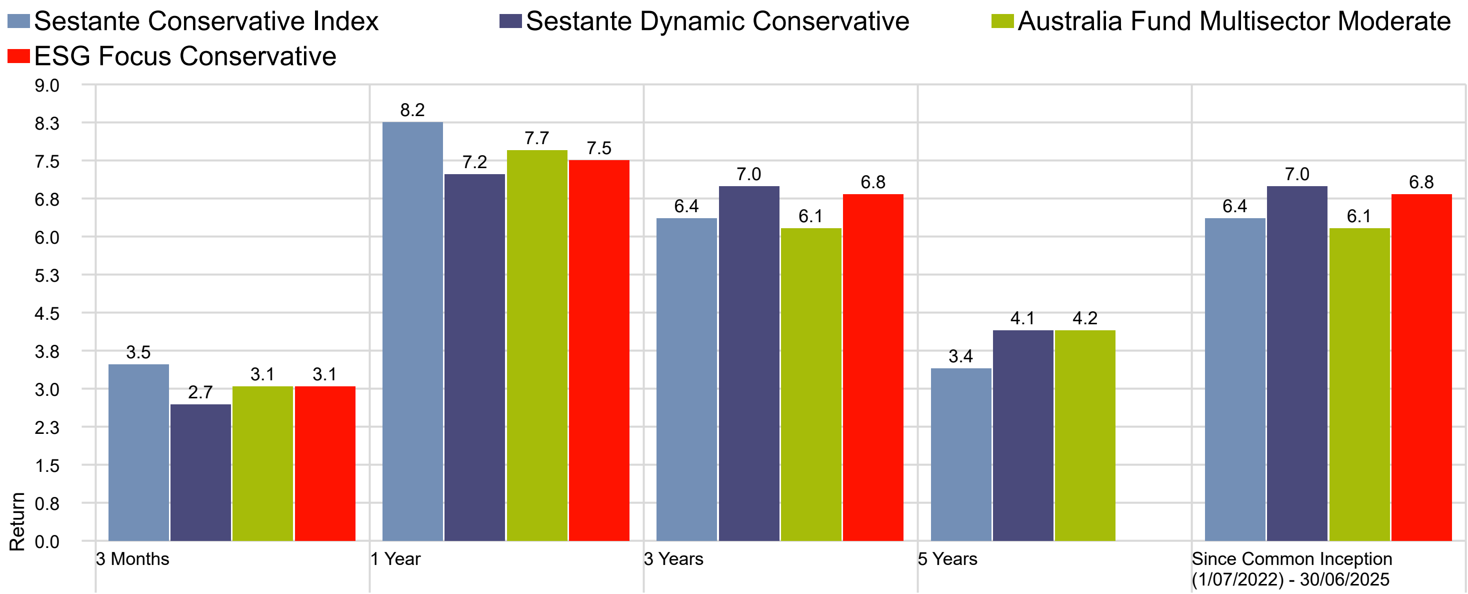
The Index portfolio delivered an 8.22% return, significantly outperforming its cash + 4.5% (annual) benchmark for the quarter. The best positive return for the quarter was produced by the iShares S&P 500 AUD Hedged ETF with a return of 10.51%, closely followed by the iShares Core S&P/ASX 200 ETF that returned 9.53%. All portfolio constituents produced positive returns this quarter leading to very solid overall returns.

Source: Morningstar Direct

Peer Group Returns
Multisector Moderate Category

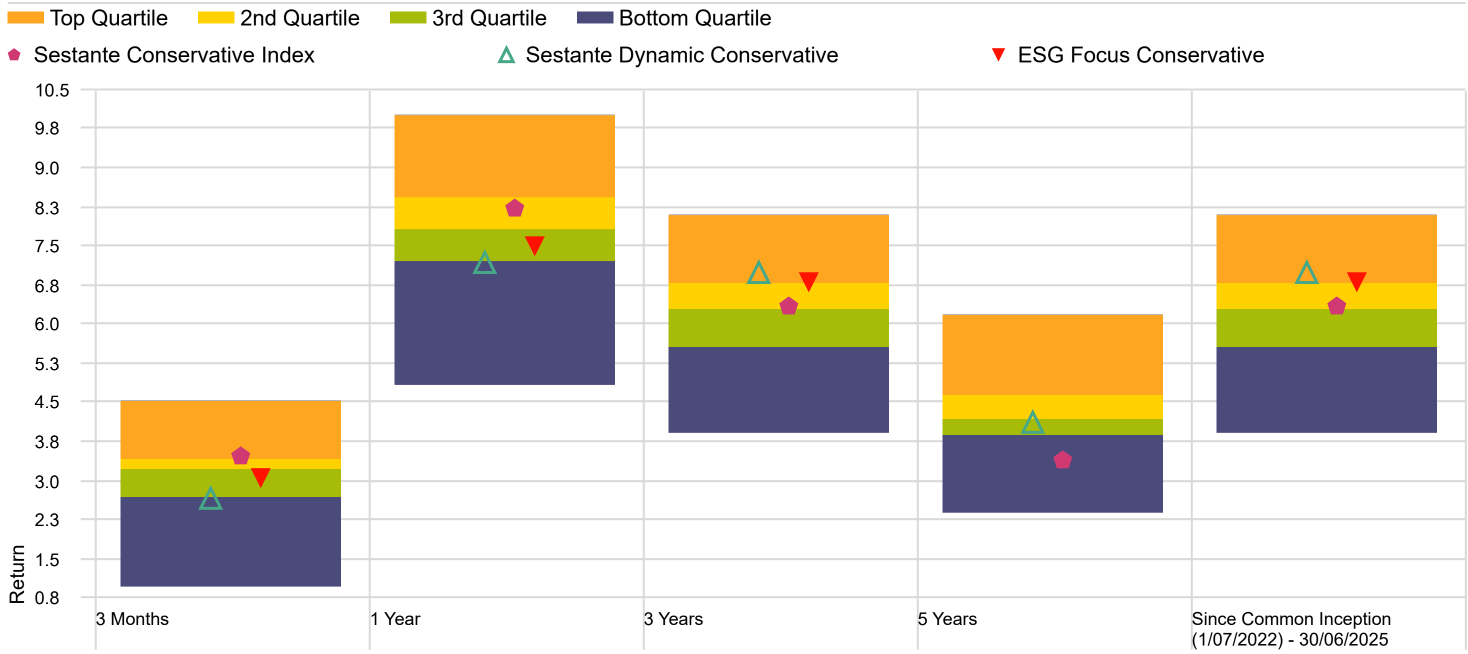
This part of the report aims provide investors an effective way to compare the AZ Sestante portfolios with like options. The Multisector Moderate Category consists of funds that invest in a number of sectors and have between 21% and 40% of their investments exposed to the growth sectors.

Sestante Conservative Portfolios vs Morningstar Peers



Sestante Conservative Performance Relative to Peer Group

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

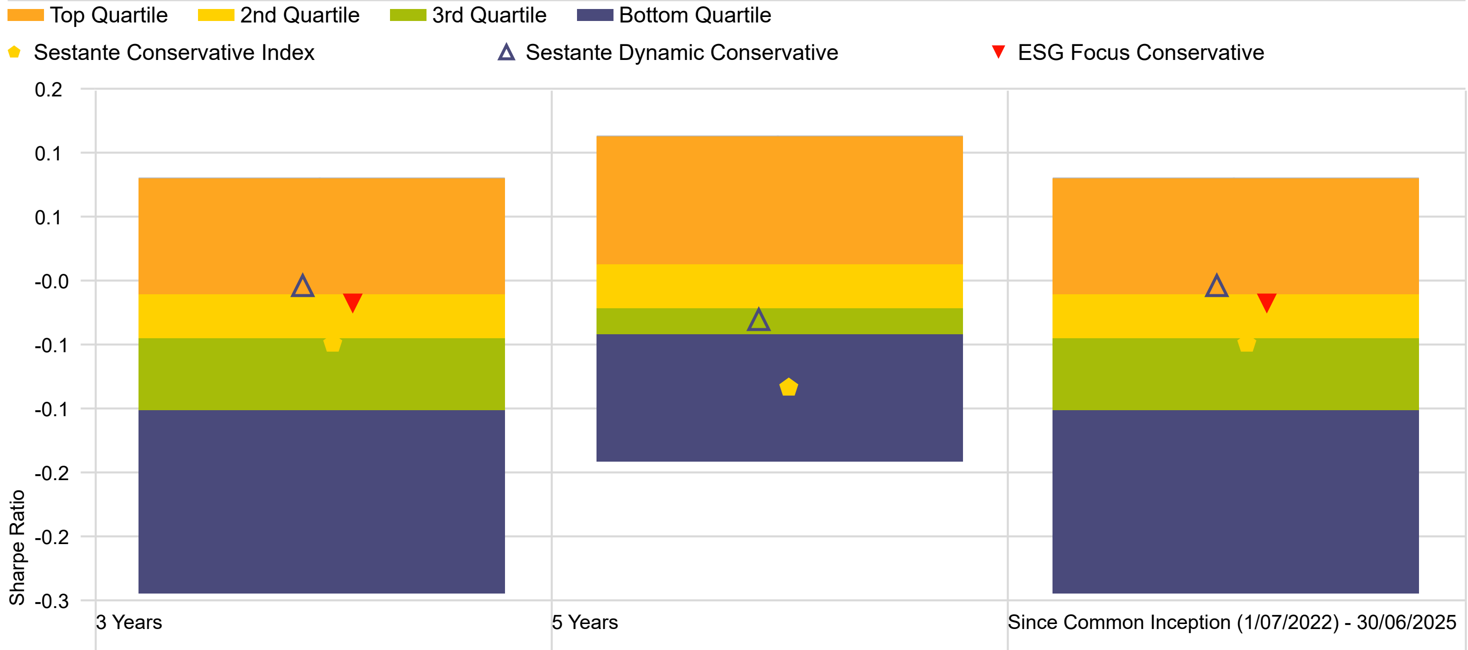


Source: Morningstar Direct

AZ Sestante Quarterly Report
As of 30/06/2025
Peer Group Returns
Multisector Moderate Category

Sharpe Ratio Relative to Peer Group - Conservative

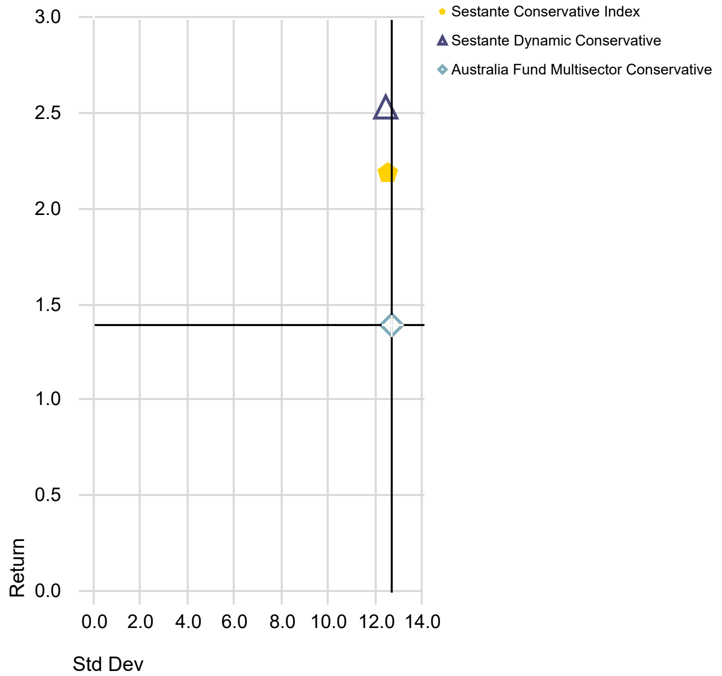
Peer Group (1-100%): Funds - Australia - Multisector Moderate



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.

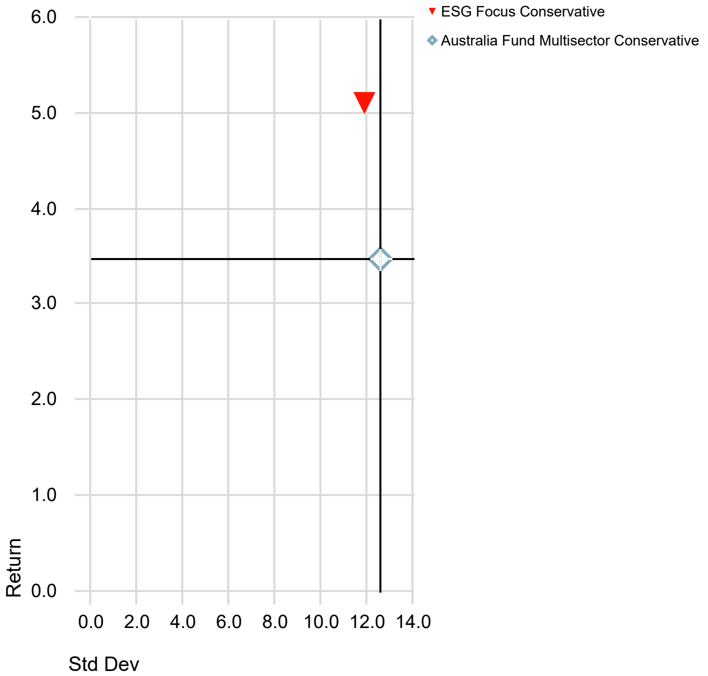
Risk-Reward (Since common inception exclude ESG)

Time Period: Since Common Inception (1/03/2019) to 30/06/2025



Risk-Reward (Since common inception ESG)

Time Period: Since Common Inception (1/07/2022) to 30/06/2025



Source: Morningstar Direct

AZ Sestante Quarterly Report

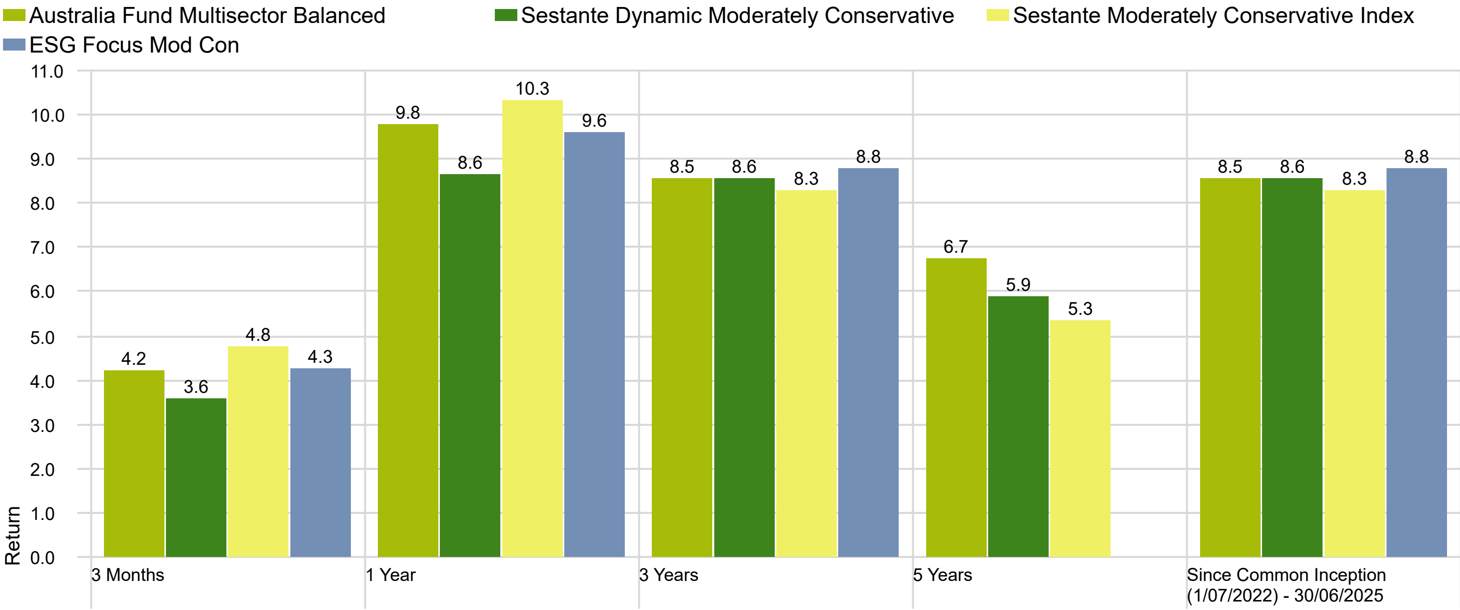
As of 30/06/2025

Peer Group Returns

Multisector Balanced Category

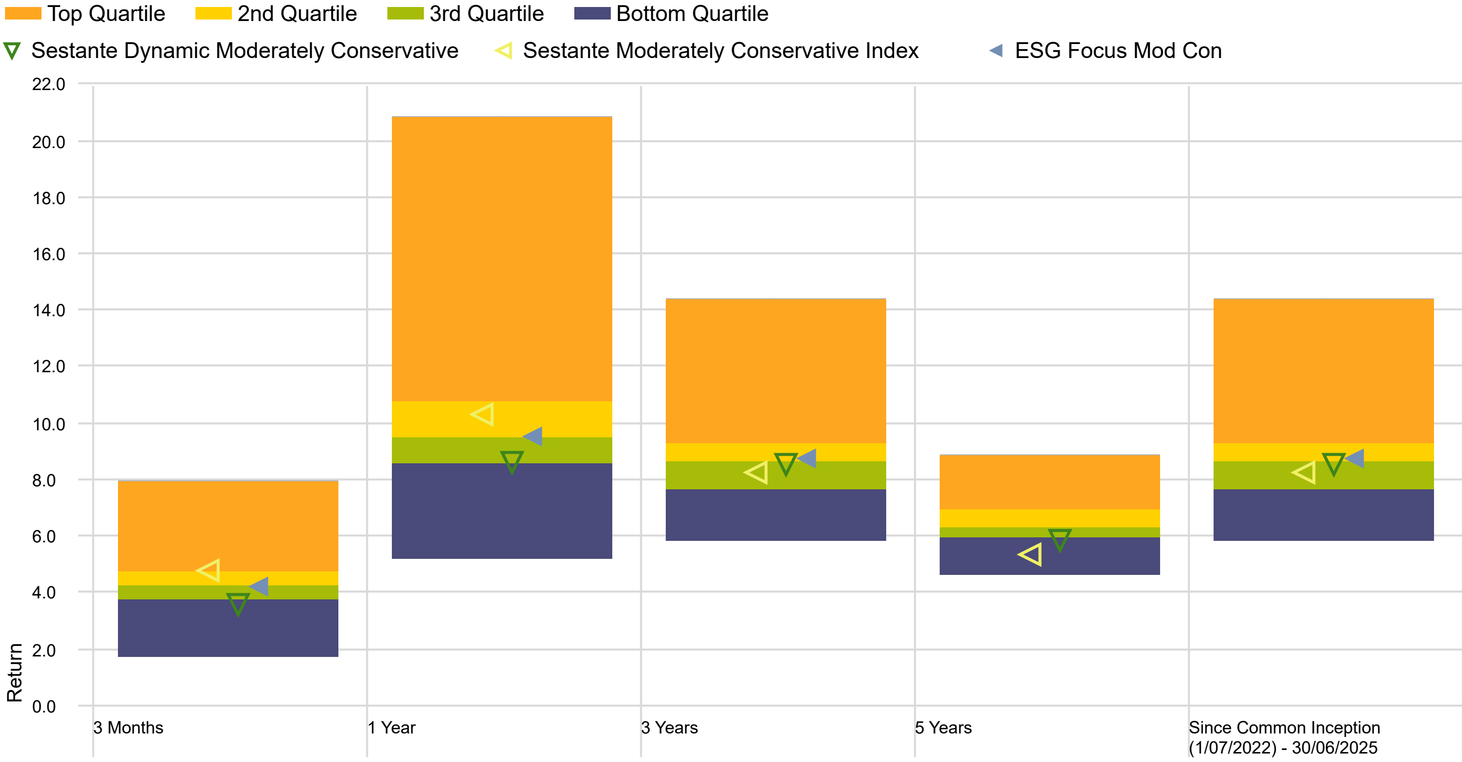
This part of the report aims provide investors an effective way to compare the AZ Sestante portfolios with like options. The Multisector Balanced Category consists of funds that invest in a number of sectors and have between 41% and 60% of their investments exposed to the growth sectors.

Sestante Moderately Conservative Portfolios vs Morningstar Peers



Sestante Moderately Conservative Performance Relative to Peer Group

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

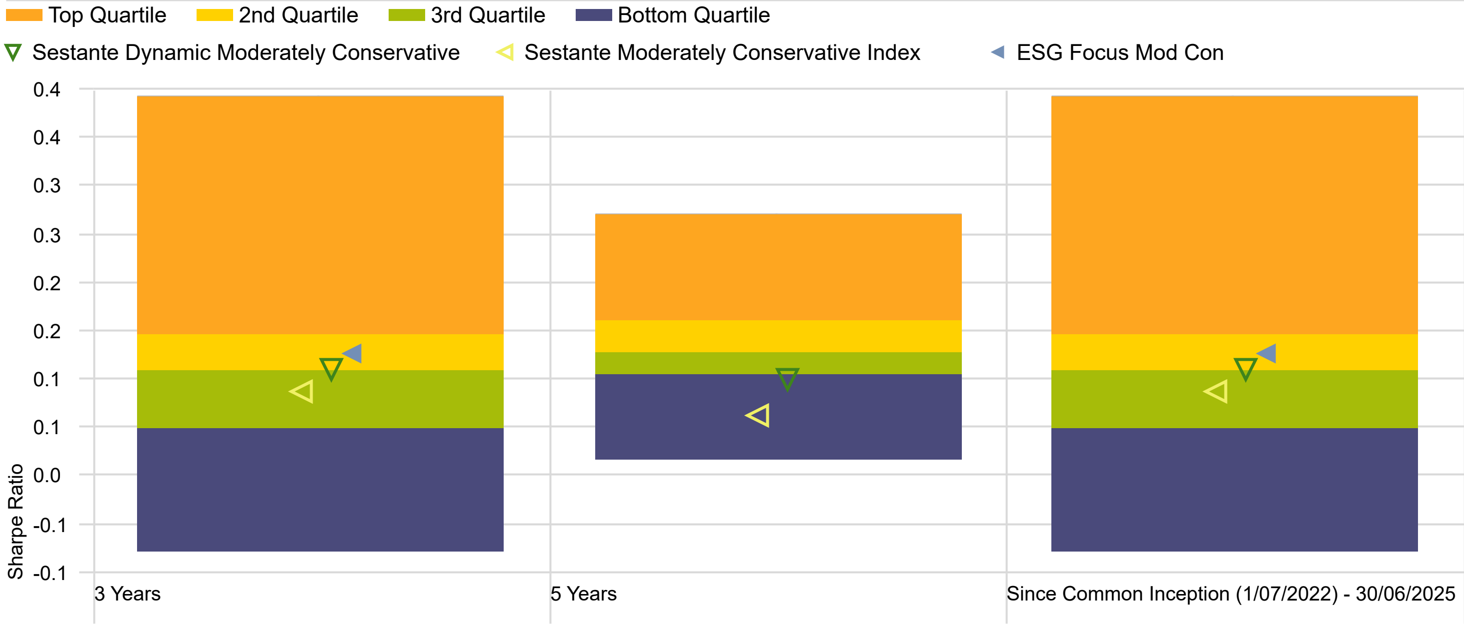


Source: Morningstar Direct

AZ Sestante Quarterly Report
As of 30/06/2025
Peer Group Returns
Multisector Balanced Category

Sharpe Ratio Relative to Peer Group - Moderately Conservative

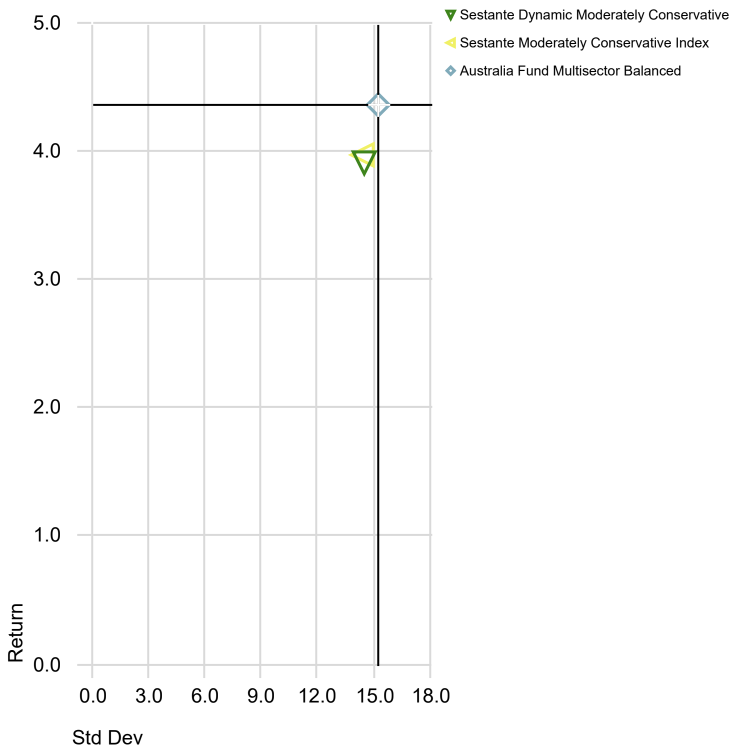
Peer Group (1-100%): Funds - Australia - Multisector Balanced



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.

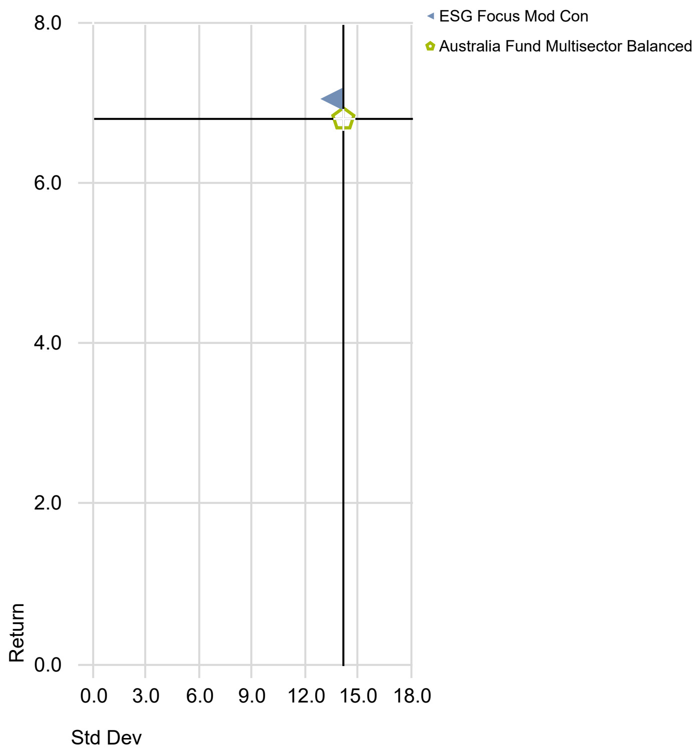
Risk-Reward (Since common inception exclude ESG)

Time Period: Since Common Inception (1/03/2019) to 30/06/2025



Risk-Reward (Since common inception ESG)

Time Period: Since Common Inception (1/07/2022) to 30/06/2025



Source: Morningstar Direct

AZ Sestante Quarterly Report

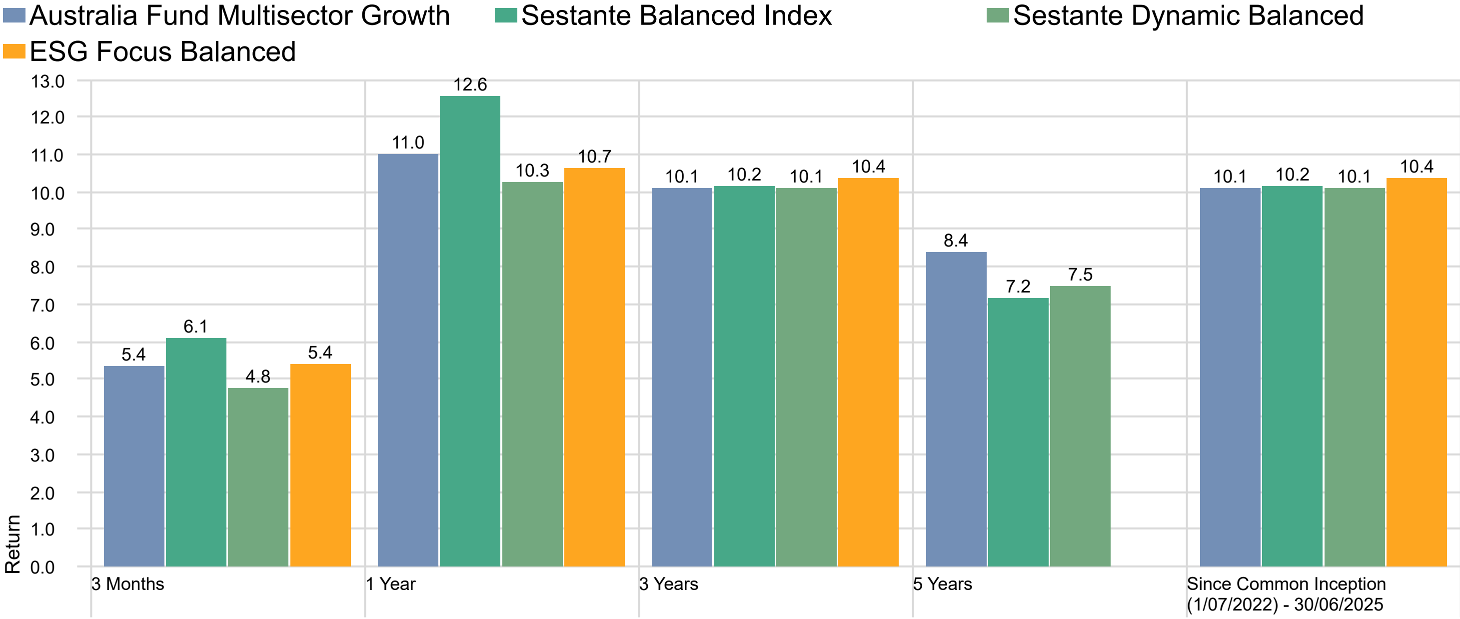
As of 30/06/2025

Peer Group Returns

Multisector Growth Category

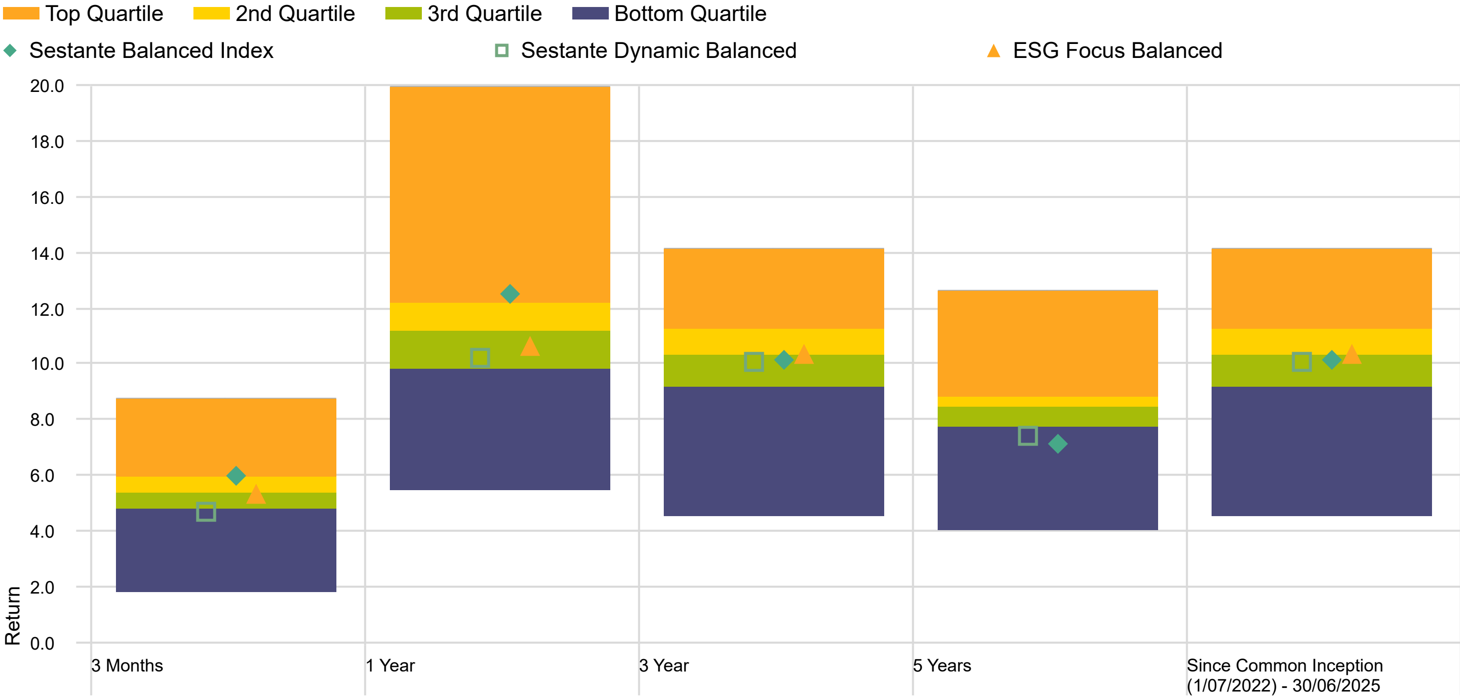
This part of the report aims provide investors an effective way to compare the AZ Sestante portfolios with like options. The Multisector Growth Category consists of funds that invest in a number of sectors and have between 61% and 80% of their investments exposed to the growth sectors.

Sestante Balanced Portfolios vs Morningstar Peers



Sestante Balanced Performance Relative to Peer Group

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

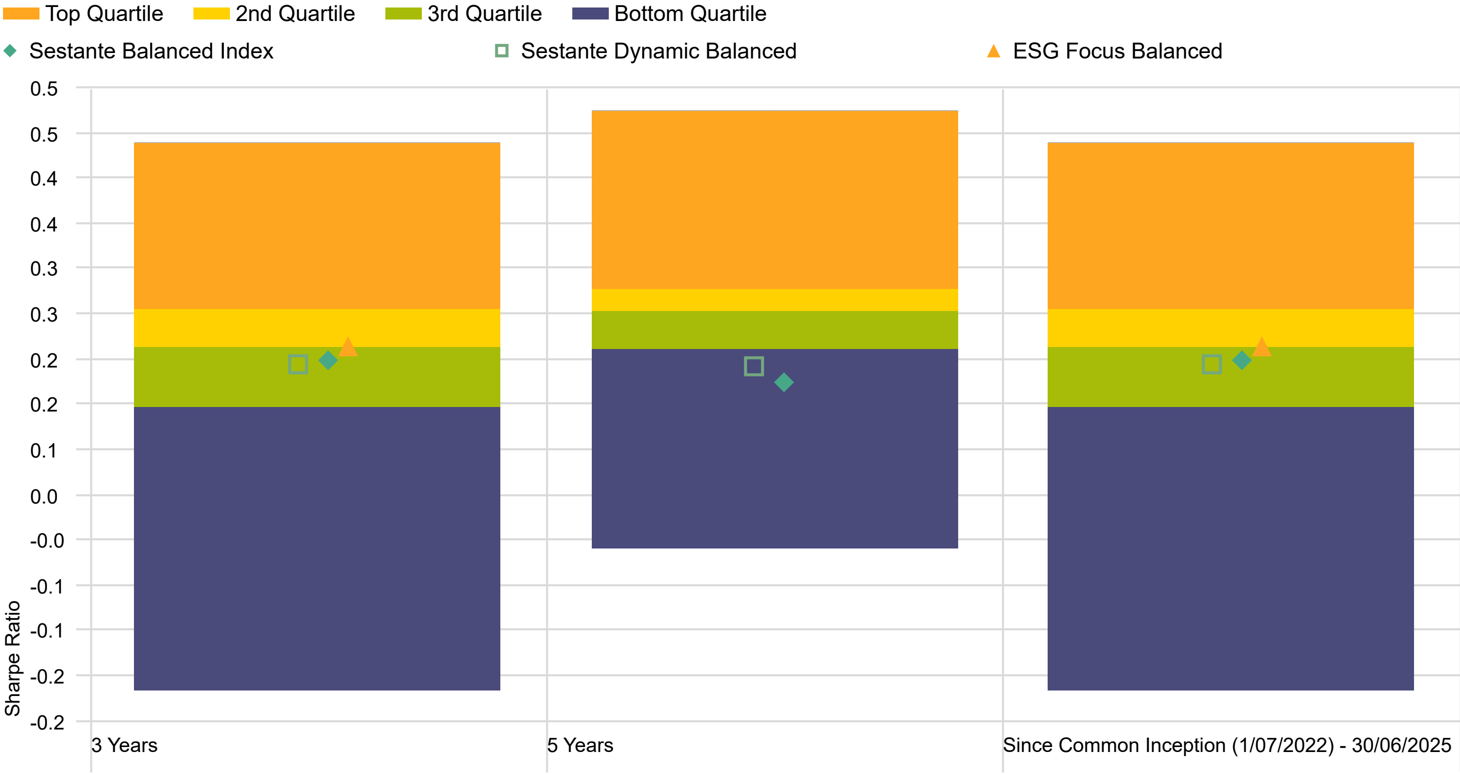


Source: Morningstar Direct

AZ Sestante Quarterly Report
As of 30/06/2025
Peer Group Returns
Multisector Growth Category

Sharpe Ratio Relative to Peer Group - Balanced

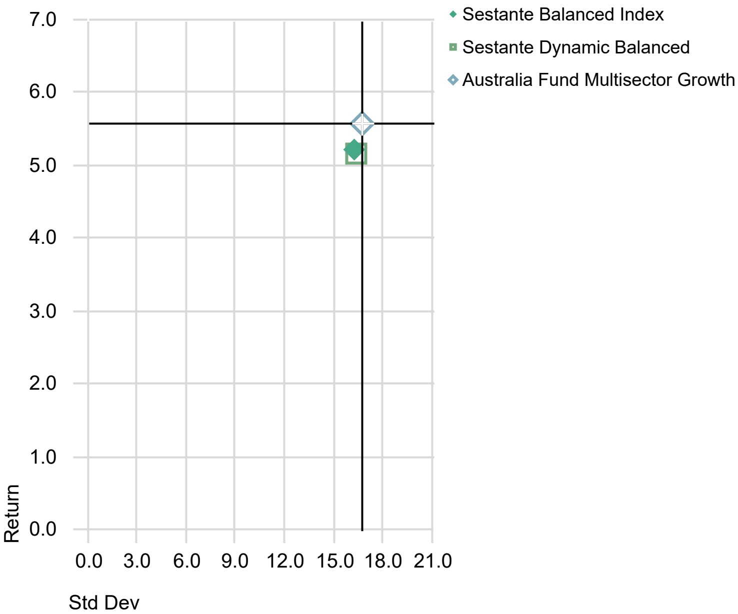
Peer Group (1-100%): Funds - Australia - Multisector Growth



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.

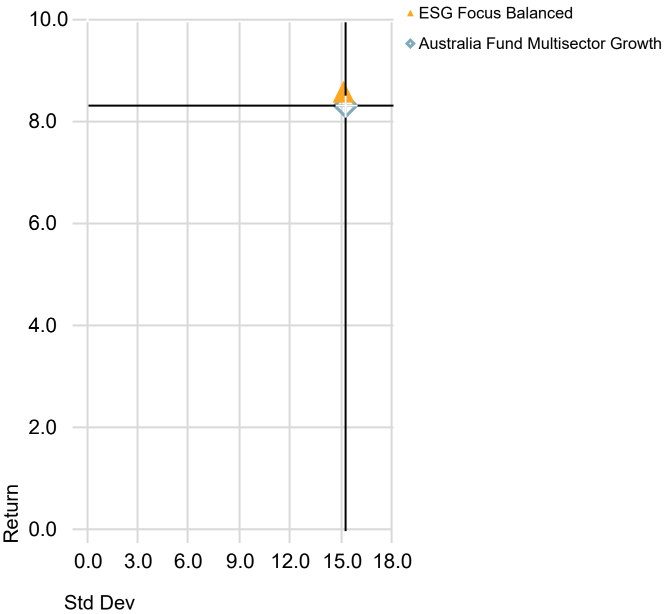
Risk-Reward (Since common inception exclude ESG)

Time Period: Since Common Inception (1/03/2019) to 30/06/2025



Risk-Reward (Since common inception ESG)

Time Period: Since Common Inception (1/07/2022) to 30/06/2025

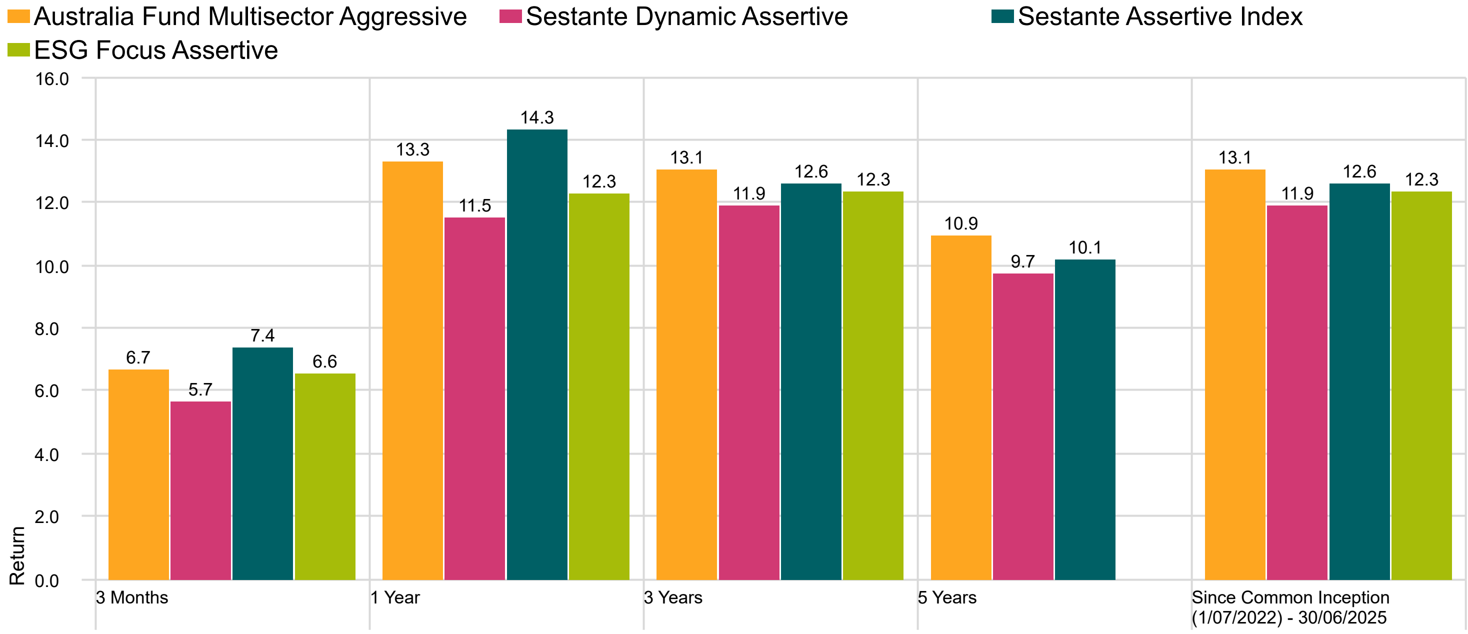


Source: Morningstar Direct

AZ Sestante Quarterly Report
As of 30/06/2025
Peer Group Returns
Multisector Aggressive Category

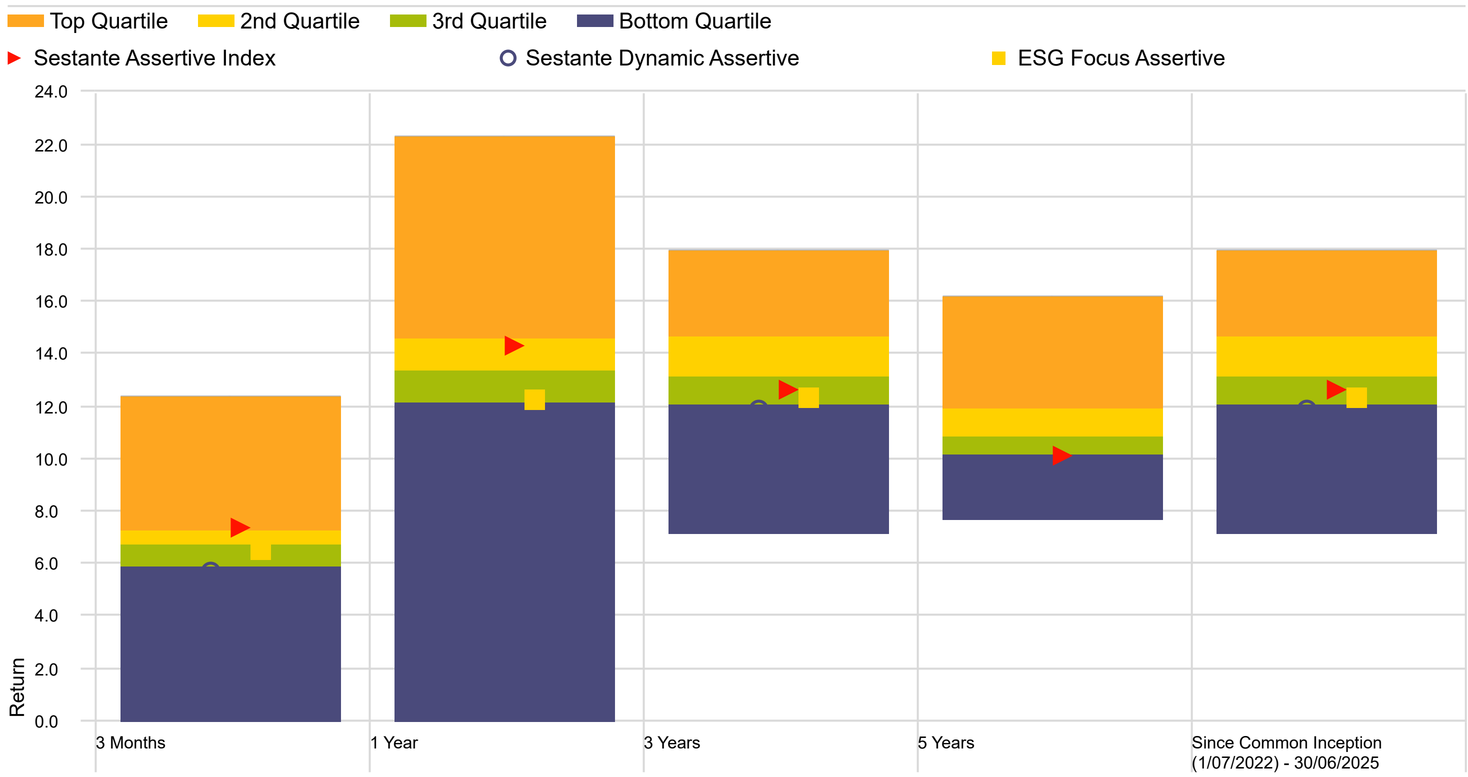
This part of the report aims provide investors an effective way to compare the AZ Sestante portfolios with like options. Multisector Aggressive funds invest in a number of sectors and have over 80% of their assets in growth sectors.

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 30/06/2025
Peer Group Returns
Multisector Aggressive Category

AZ SESTANTE
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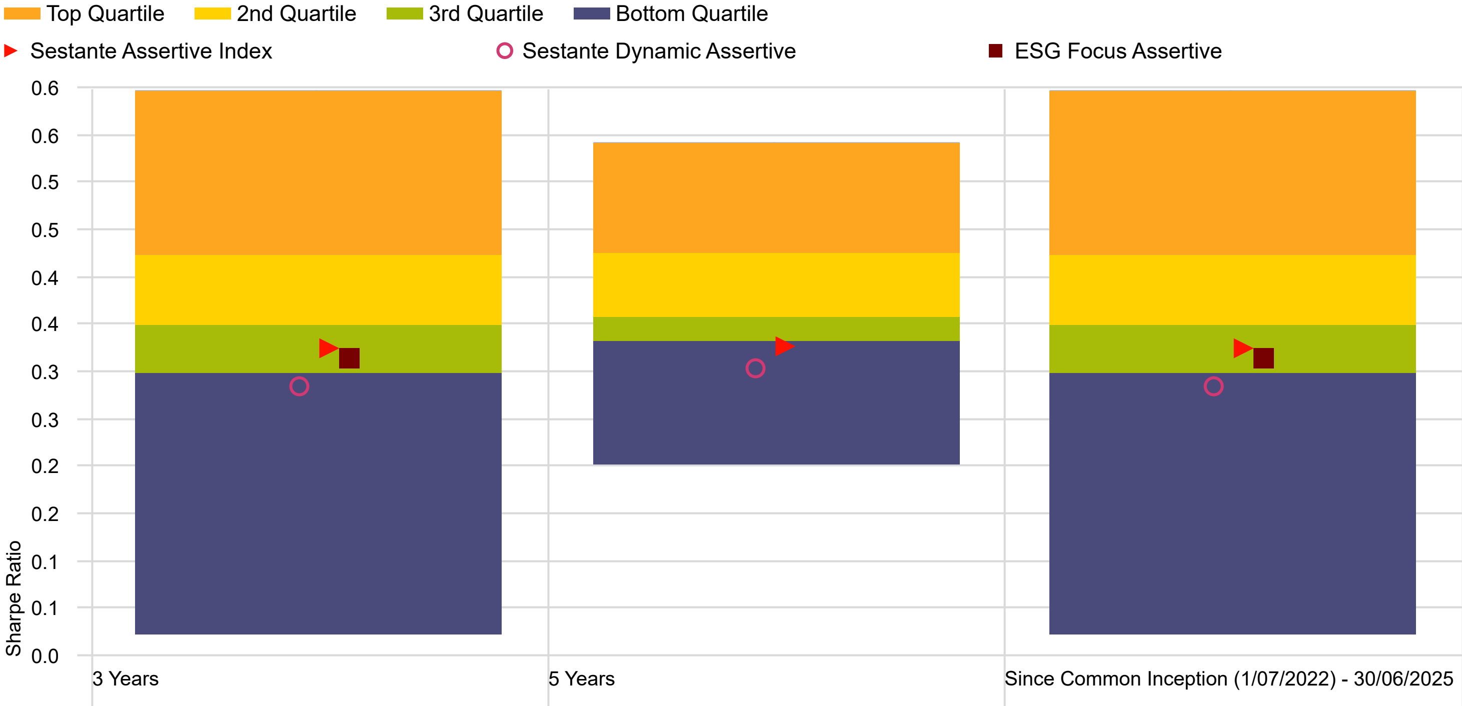
Sharpe Ratio Relative to Peer Group - Assertive

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



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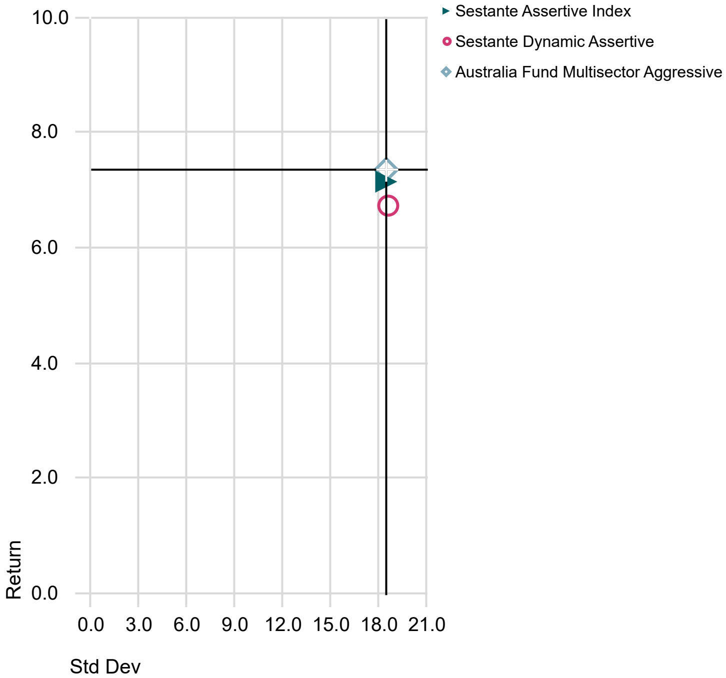
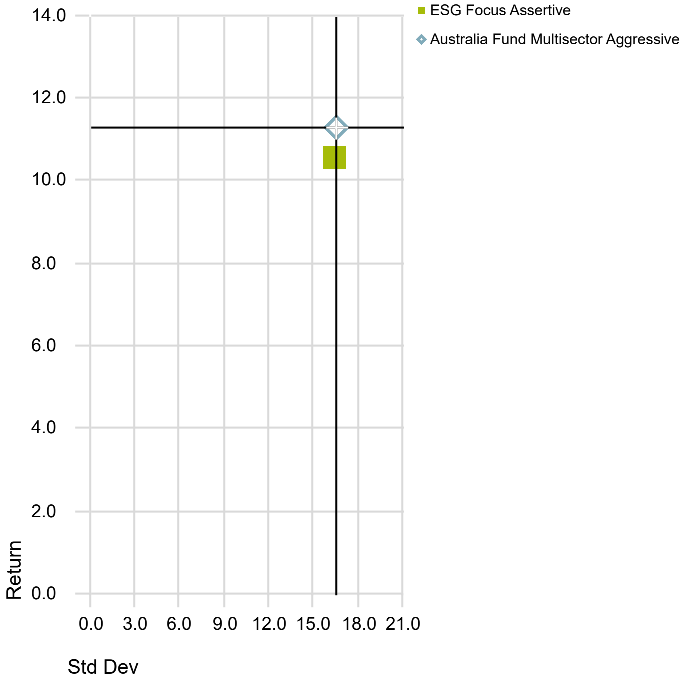
Risk-Reward (Since common inception exclude ESG)

Time Period: Since Common Inception (1/03/2019) to 30/06/2025



Risk-Reward (Since common inception ESG)

Time Period: Since Common Inception (1/07/2022) to 30/06/2025

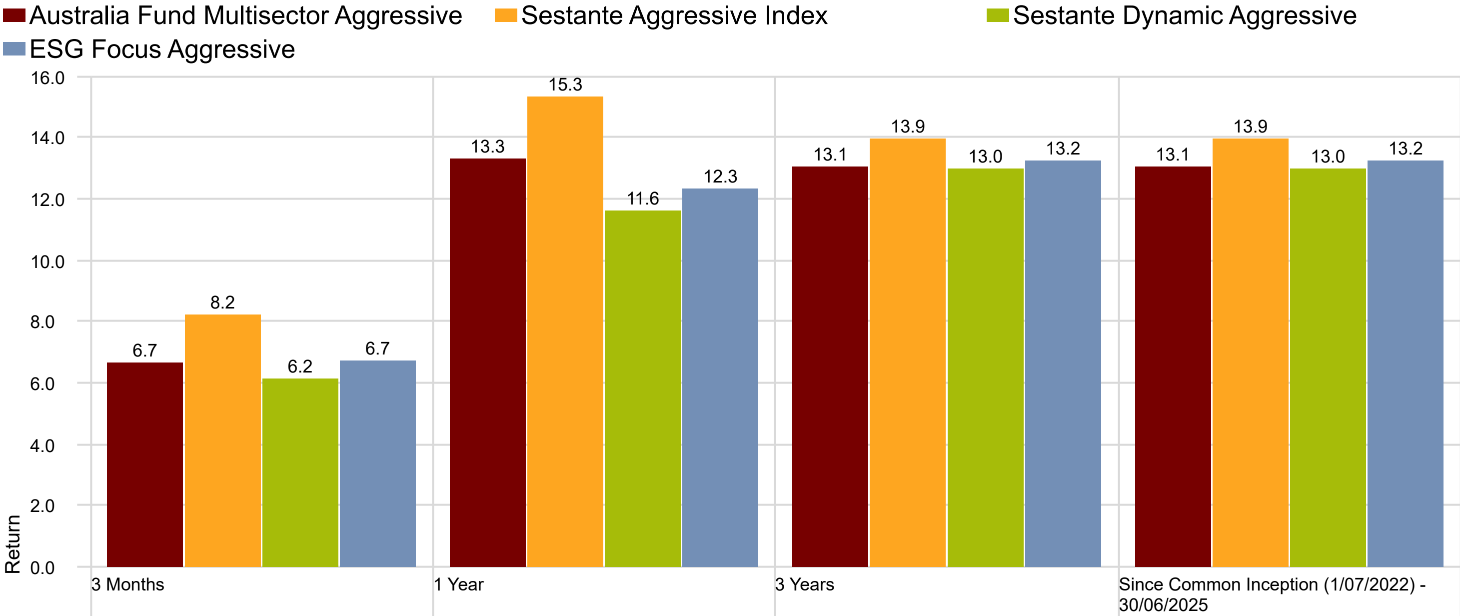


Source: Morningstar Direct

AZ Sestante Quarterly Report
As of 30/06/2025
Peer Group Returns
Multisector Aggressive Category

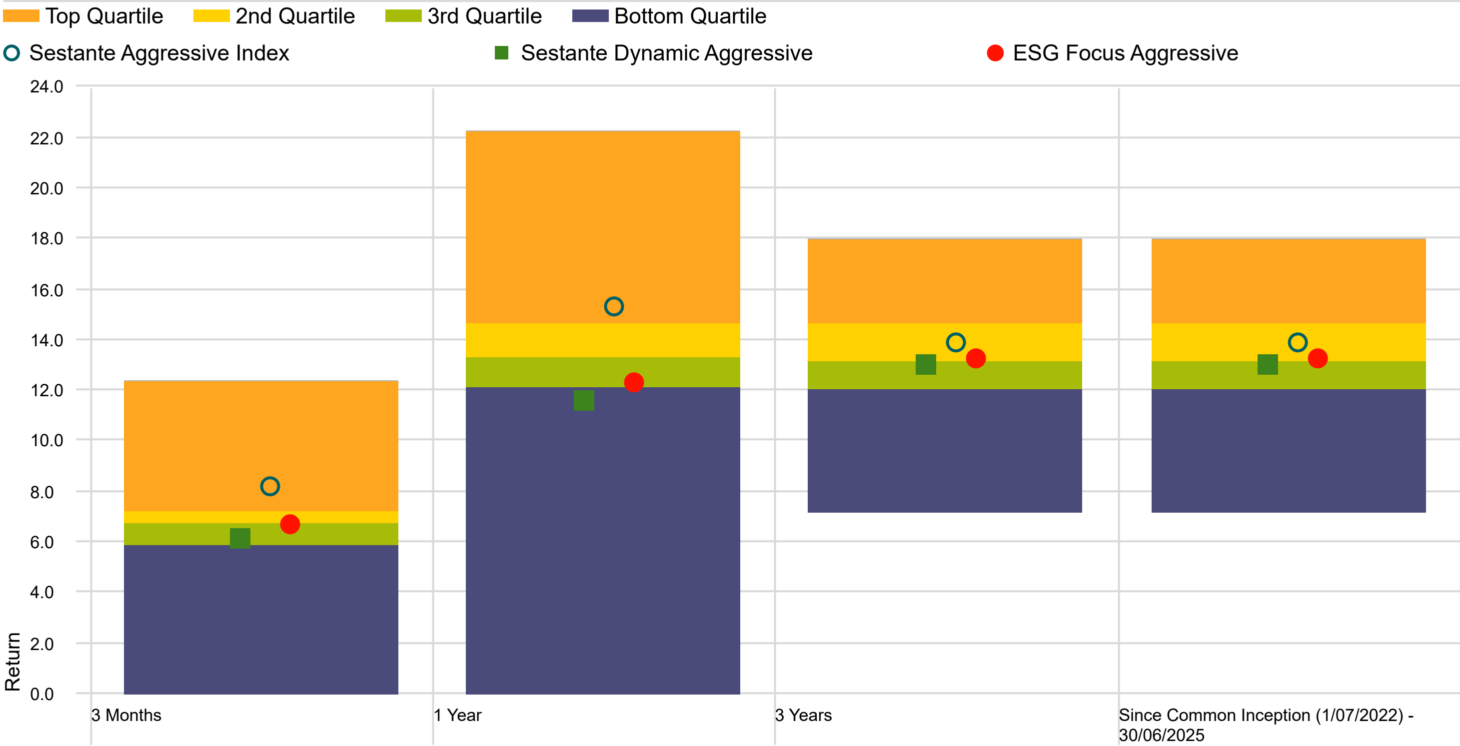
This part of the report aims provide investors an effective way to compare the AZ Sestante portfolios with like options. Multisector Aggressive funds invest in a number of sectors and have over 80% of their assets in growth sectors.

Sestante Aggressive Portfolios vs Morningstar Peers



Sestante Aggressive Performance Relative to Peer Group

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

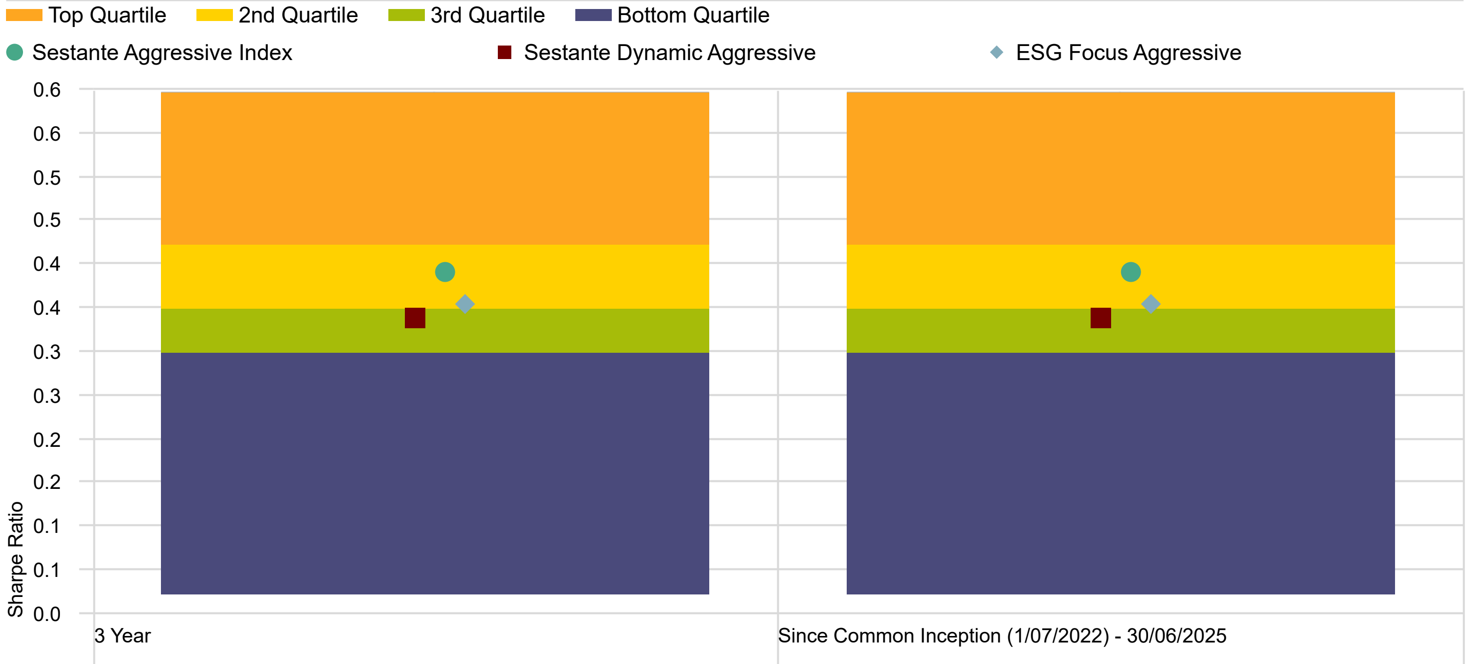


Source: Morningstar Direct

AZ Sestante Quarterly Report
As of 30/06/2025
Peer Group Returns
Multisector Aggressive Category

Sharpe Ratio Relative to Peer Group - Aggressive

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



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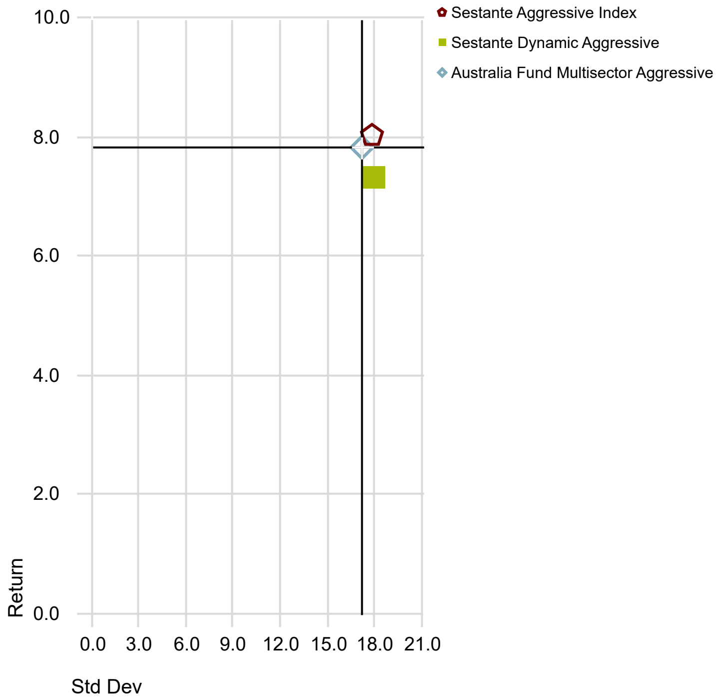
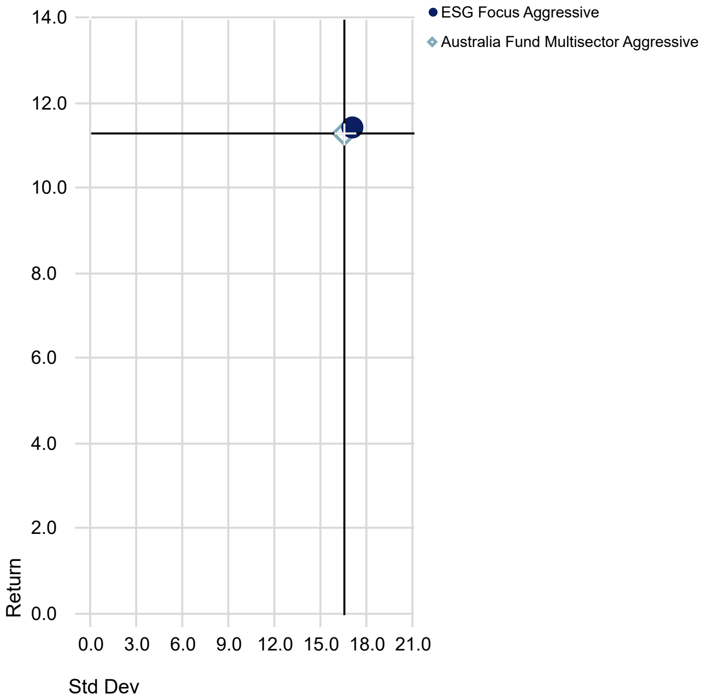
Risk-Reward (Since common inception exclude ESG)

Time Period: Since Common Inception (1/09/2020) to 30/06/2025



Risk-Reward (Since common inception ESG)

Time Period: Since Common Inception (1/07/2022) to 30/06/2025



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