

CFS AZ Sestante Quarterly Report

As of 30/06/2025

Market Review

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%.

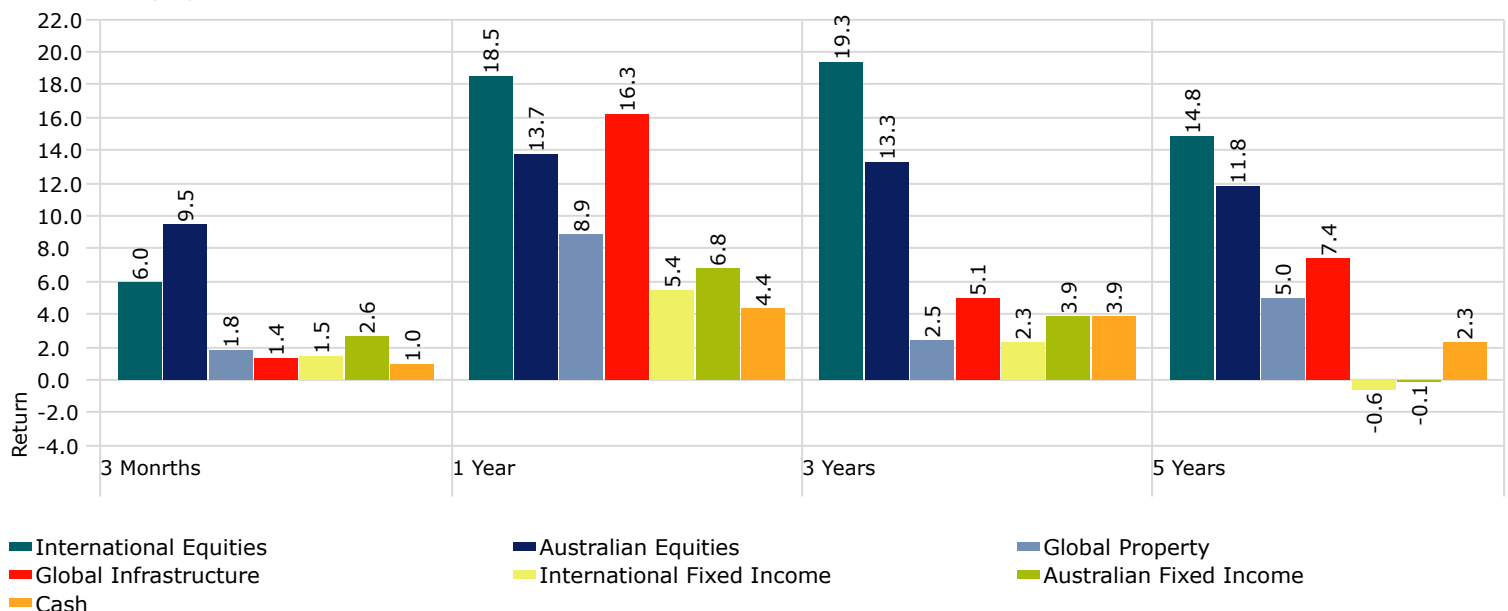
Currency markets were dominated by US dollar weakness, with the DXY index dropping 7.1%. This supported global equity and bond markets, especially in Europe and Asia.

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 Hdq AUD; Global Infrastructure: FTSE Dev Core Infrastructure 50/50 Hdq AUD; International Fixed Income: Bloomberg Global Aggregate Hdq AUD; Australian Fixed Income: Bloomberg Ausbond Composite 0+Y; Cash: Bloomberg AusBond Bank 0+Y.

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Market Review



CFS Conservative (Super)

The Dynamic portfolio posted a return of 2.35% for the quarter, outperforming its target. While Australian equities performed extremely well this quarter, within Australian equities, the Schroders Australian Equity Fund underperformed its benchmark by about 3.5% for the quarter, detracting value from the portfolio. Schroders was underweight the Financials, Consumer Discretionary and Technology sectors, while being overweight Materials and Industrials. While this overall positioning resulted in underperformance, the positioning seems sensible given the excessive valuations in some sectors. The other main active Australian equity fund within the portfolio, the Fidelity Australian Equities Fund also underperformed the Index. Note the Fidelity fund has now been replaced by the Pandal Australian Share Fund as of 25 June. Our Global Infrastructure exposure, the ClearBridge Global Infrastructure Value Fund – Hedged had an excellent quarter, returning 4.6% after fees and comfortably beating its benchmark. With Global Equities, while posting solid positive returns, the managers performed relatively poorly, with the best being the T Rowe Price Global Equity Fund that returned around benchmark for the quarter. RQI, Royal London and GQG underperformed with the latter being very defensively positioned when markets surged post “Liberation Day”. 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 2.83%, outperforming its cash + 1.5% (annual) target. Australian equities produced the best return for the quarter (9.5%), followed by Global Shares (Hedged) returning 8.9%. All portfolio constituents produced positive returns this quarter leading to very solid overall returns.

CFS Moderate (Super)

The Dynamic portfolio posted a return of 3.23% for the quarter, outperforming its target. While Australian equities performed extremely well this quarter, within Australian equities, the Schroders Australian Equity Fund underperformed its benchmark by about 3.5% for the quarter, detracting value from the portfolio. Schroders was underweight the Financials, Consumer Discretionary and Technology sectors, while being overweight Materials and Industrials. While this overall positioning resulted in underperformance, the positioning seems sensible given the excessive valuations in some sectors. The other main active Australian equity fund within the portfolio, the Fidelity Australian Equities Fund also underperformed the Index. Note the Fidelity fund has now been replaced by the Pandal Australian Share Fund as of 25 June. Our Global Infrastructure exposure, the ClearBridge Global Infrastructure Value Fund – Hedged had an excellent quarter, returning 4.6% after fees and comfortably beating its benchmark. With Global Equities, while posting solid positive returns, the managers performed relatively poorly, with the best being the T Rowe Price Global Equity Fund that returned around benchmark for the quarter. RQI, Royal London and GQG underperformed with the latter being very defensively positioned when markets surged post “Liberation Day”. 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 3.86%, outperforming its cash + 2.0% (annual) target. Australian equities produced the best return for the quarter (9.5%), followed by Global Shares (Hedged) returning 8.9%. All portfolio constituents produced positive returns this quarter leading to very solid overall returns.

CFS Diversified (Super)

The Dynamic portfolio posted a 3.15% return for the quarter, outperforming its target. While Australian equities performed extremely well this quarter, within Australian equities, the Schroders Australian Equity Fund underperformed its benchmark by about 3.5% for the quarter, detracting value from the portfolio. Schroders was underweight the Financials, Consumer Discretionary and Technology sectors, while being overweight Materials and Industrials. While this overall positioning resulted in underperformance, the positioning seems sensible given the excessive valuations in some sectors. The other main active Australian equity fund within the portfolio, the Fidelity Australian Equities Fund also underperformed the Index. Note the Fidelity fund has now been replaced by the Pandal Australian Share Fund as of 25 June. Our Global Infrastructure exposure, the ClearBridge Global Infrastructure Value Fund – Hedged had an excellent quarter, returning 4.6% after fees and comfortably beating its benchmark. With Global Equities, while posting solid positive returns, the managers performed relatively poorly, with the best being the T Rowe Price Global Equity Fund that returned around benchmark for the quarter. RQI, Royal London and GQG underperformed with the latter being very defensively positioned when markets surged post “Liberation Day”. 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 4.16%, outperforming its cash + 2.5% (annual) target. Australian equities produced the best return for the quarter (9.5%), followed by Global Shares (Hedged) returning 8.9%. All portfolio constituents produced positive returns this quarter leading to very solid overall returns.

CFS Balanced (Super)

The Dynamic portfolio posted a 4.16% return for the quarter, outperforming its target. While Australian equities performed extremely well this quarter, within Australian equities, the Schroders Australian Equity Fund underperformed its benchmark by about 3.5% for the quarter, detracting value from the portfolio. Schroders was underweight the Financials, Consumer Discretionary and Technology sectors, while being overweight Materials and Industrials. While this overall positioning resulted in underperformance, the positioning seems sensible given the excessive valuations in some sectors. The other main active Australian equity fund within the portfolio, the Fidelity Australian Equities Fund also underperformed the Index. Note the Fidelity fund has now been replaced by the Pandal Australian Share Fund as of 25 June. Our Global Infrastructure exposure, the ClearBridge Global Infrastructure Value Fund – Hedged had an excellent quarter, returning 4.6% after fees and comfortably beating its benchmark. With Global Equities, while posting solid positive returns, the managers performed relatively poorly, with the best being the T Rowe Price Global Equity Fund that returned around benchmark for the quarter. RQI, Royal London and GQG underperformed with the latter being very defensively positioned when markets surged post “Liberation Day”. 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 4.88%, outperforming its cash + 3.25% (annual) target. Australian equities produced the best return for the quarter (9.5%), followed by Global Shares (Hedged) returning 8.9%. All portfolio constituents produced positive returns this quarter leading to very solid overall returns.

CFS Assertive (Super)

The Dynamic portfolio posted a 5.11% return for the quarter, outperforming its target. While Australian equities performed extremely well this quarter, within Australian equities, the Schroders Australian Equity Fund underperformed its benchmark by about 3.5% for the quarter, detracting value from the portfolio. Schroders was underweight the Financials, Consumer Discretionary and Technology sectors, while being overweight Materials and Industrials. While this overall positioning resulted in underperformance, the positioning seems sensible given the excessive valuations in some sectors. The other main active Australian equity fund within the portfolio, the Fidelity Australian Equities Fund also underperformed the Index. Note the Fidelity fund has now been replaced by the Pandal Australian Share Fund as of 25 June. Our Global Infrastructure exposure, the ClearBridge Global Infrastructure Value Fund – Hedged had an excellent quarter, returning 4.6% after fees and comfortably beating its benchmark. With Global Equities, while posting solid positive returns, the managers performed relatively poorly, with the best being the T Rowe Price Global Equity Fund that returned around benchmark for the quarter. RQI, Royal London and GQG underperformed with the latter being very defensively positioned when markets surged post “Liberation Day”. The portfolio’s Fixed Income exposures all produced positive returns for the quarter.

The Index portfolio achieved a quarterly return of 5.92%, outperforming its cash + 4.0% (annual) target. Australian equities produced the best return for the quarter (9.5%), followed by Global Shares (Hedged) returning 8.9%. All portfolio constituents produced positive returns this quarter leading to very solid overall returns.

CFS Aggressive (Super)

The Dynamic portfolio posted a 4.65% return for the quarter, outperforming its target. While Australian equities performed extremely well this quarter, within Australian equities, the Schroders Australian Equity Fund underperformed its benchmark by about 3.5% for the quarter, detracting value from the portfolio. Schroders was underweight the Financials, Consumer Discretionary and Technology sectors, while being overweight Materials and Industrials. While this overall positioning resulted in underperformance, the positioning seems sensible given the excessive valuations in some sectors. The other main active Australian equity fund within the portfolio, the Fidelity Australian Equities Fund also underperformed the Index. Note the Fidelity fund has now been replaced by the Pandal Australian Share Fund as of 25 June. Our Global Infrastructure exposure, the ClearBridge Global Infrastructure Value Fund – Hedged had an excellent quarter, returning 4.6% after fees and comfortably beating its benchmark. With Global Equities, while posting solid positive returns, the managers performed relatively poorly, with the best being the T Rowe Price Global Equity Fund that returned around benchmark for the quarter. RQI, Royal London and GQG underperformed with the latter being very defensively positioned when markets surged post “Liberation Day”.

The Index portfolio achieved a quarterly return of 6.54%, outperforming its cash + 4.5% (annual) target. Australian equities produced the best return for the quarter (9.5%), followed by Global Shares (Hedged) returning 8.9%. All portfolio constituents produced positive returns this quarter leading to very solid overall returns.

CFS AZ Sestante Quarterly Report

As of 30/06/2025

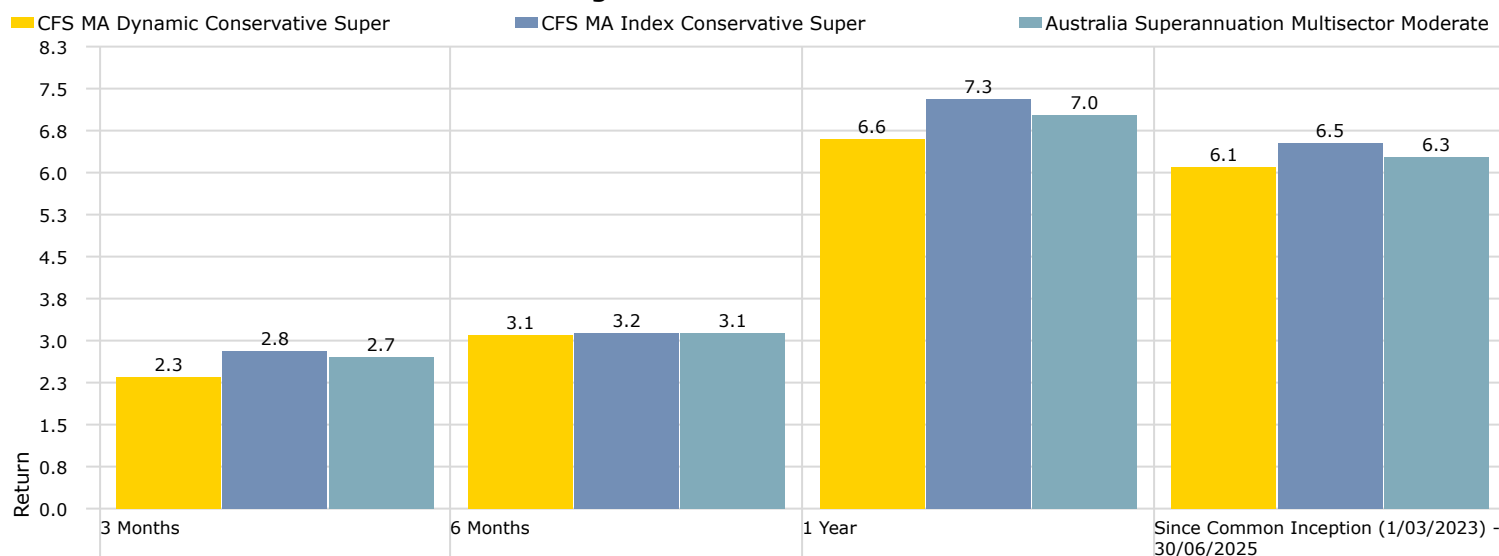
Peer Group Returns

Multisector Moderate Category



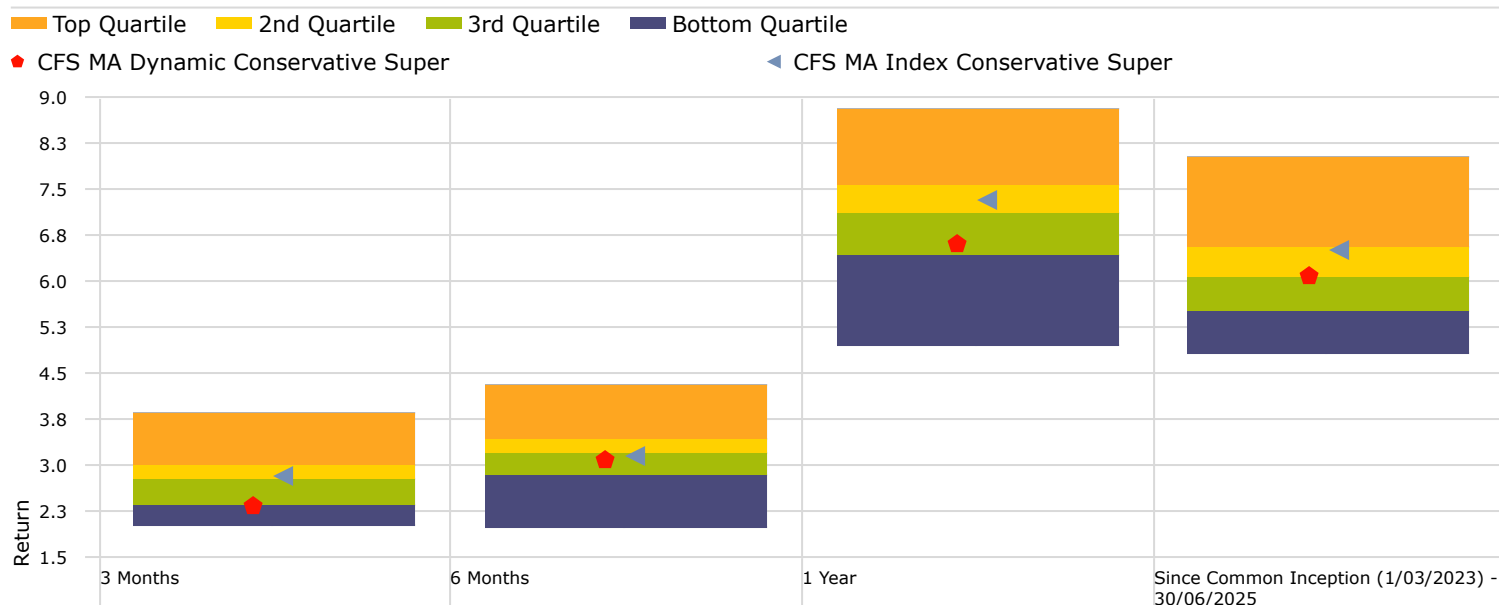
This part of the report aims provide investors an effective way to compare the CFS AZ Sestante portfolios with like options. The Multisector Moderate Category consists of funds that invest in a number of sectors and have between 21% and 40% of their investments exposed to the growth sectors.

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



CFS AZ Sestante Quarterly Report

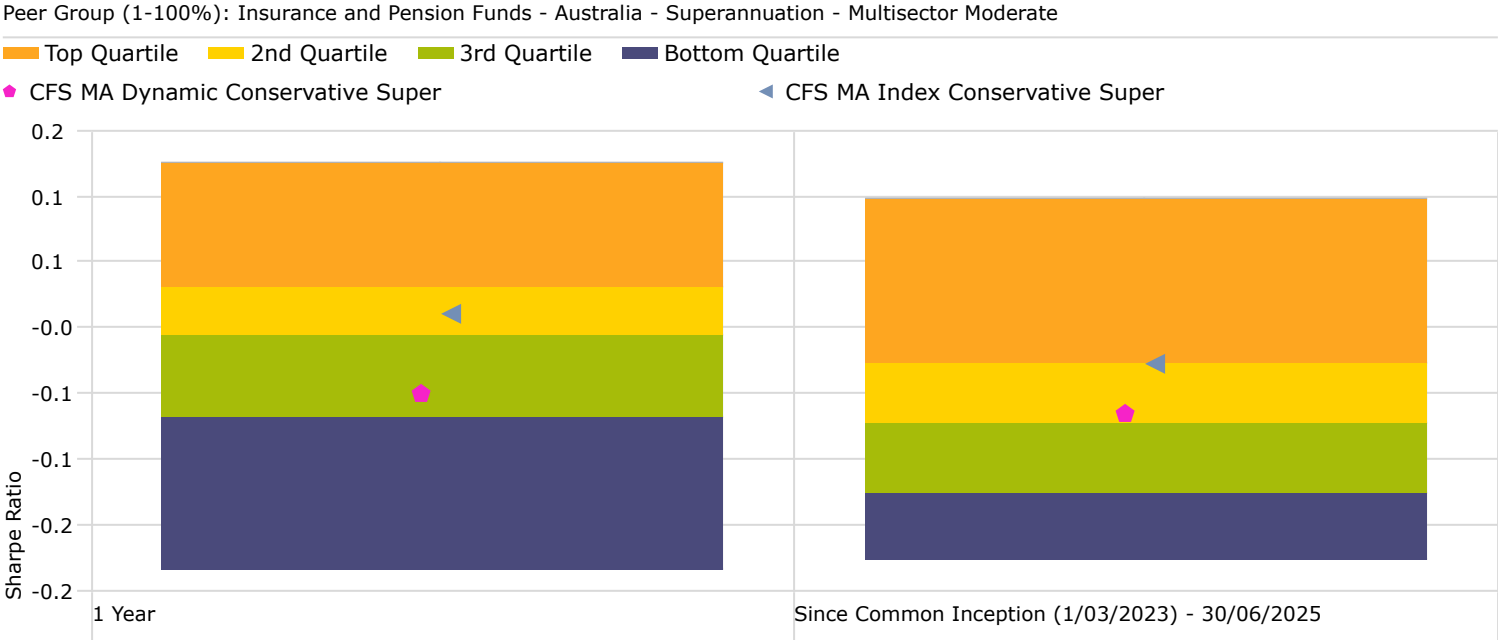
As of 30/06/2025

Peer Group Returns

Multisector Moderate Category

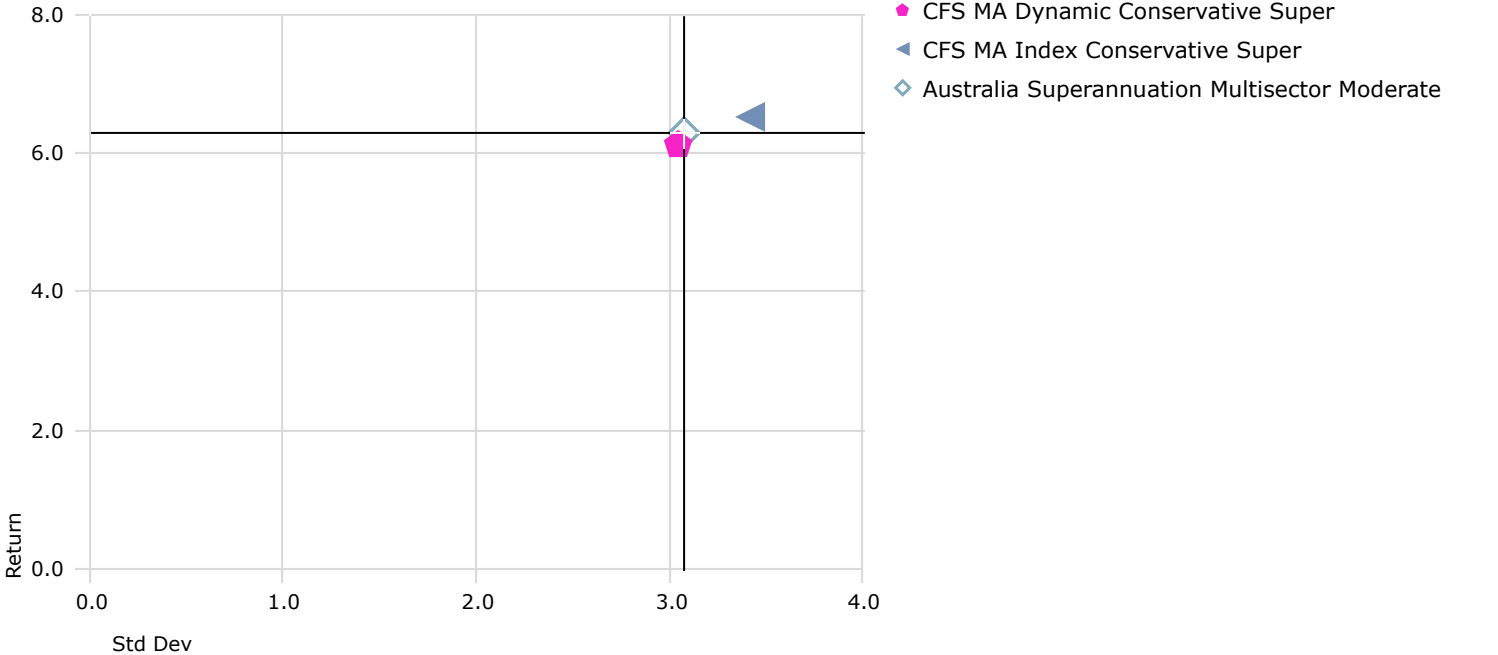


Sharpe Ratio Relative to Peer Group - Conservative



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)



CFS AZ Sestante Quarterly Report

As of 30/06/2025

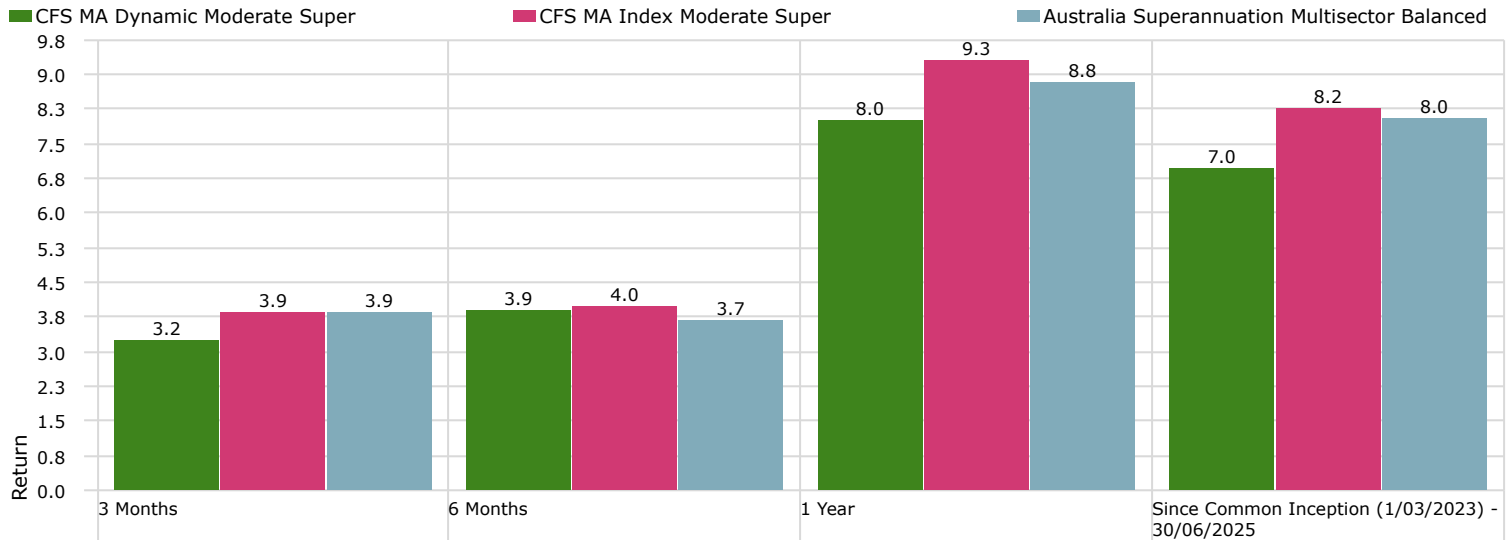
Peer Group Returns

Multisector Balanced Category



This part of the report aims provide investors an effective way to compare the 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



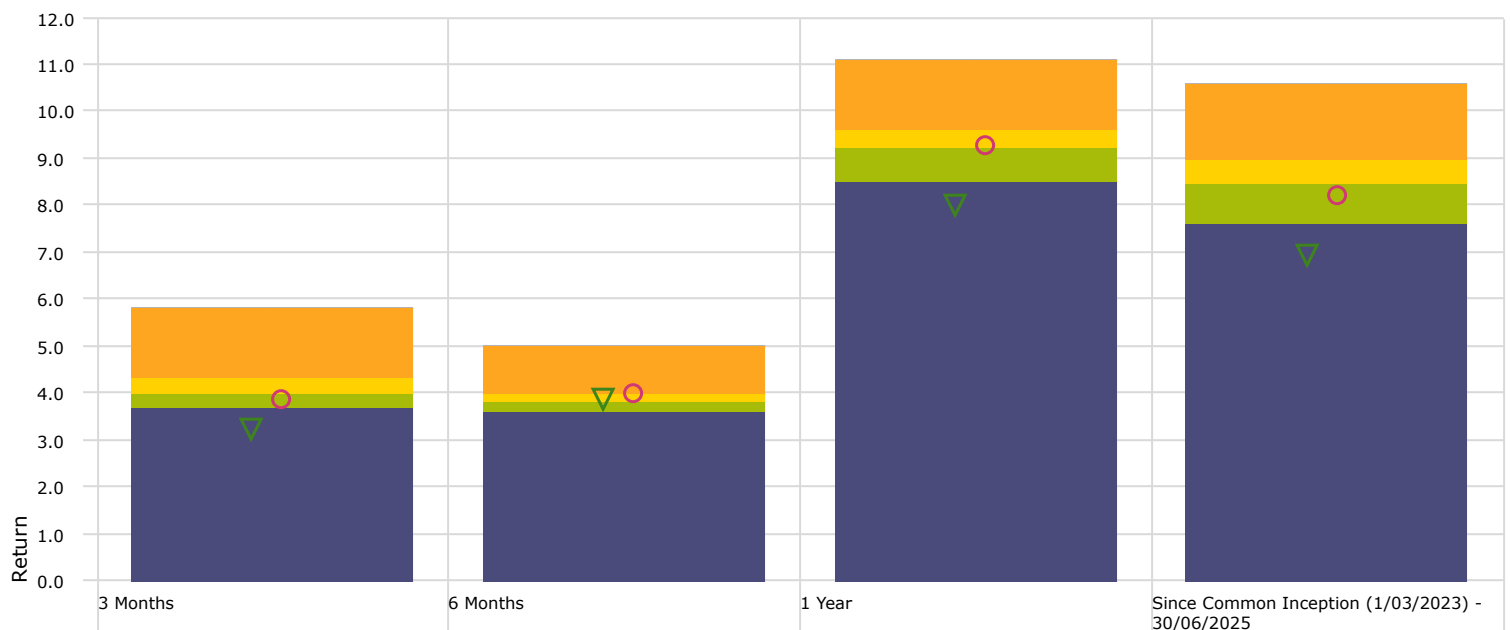
Sestante Moderately Conservative Performance Relative to Peer Group

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

Top Quartile 2nd Quartile 3rd Quartile Bottom Quartile

▽ CFS MA Dynamic Moderate Super

○ CFS MA Index Moderate Super



CFS AZ Sestante Quarterly Report

As of 30/06/2025

Peer Group Returns

Multisector Balanced Category



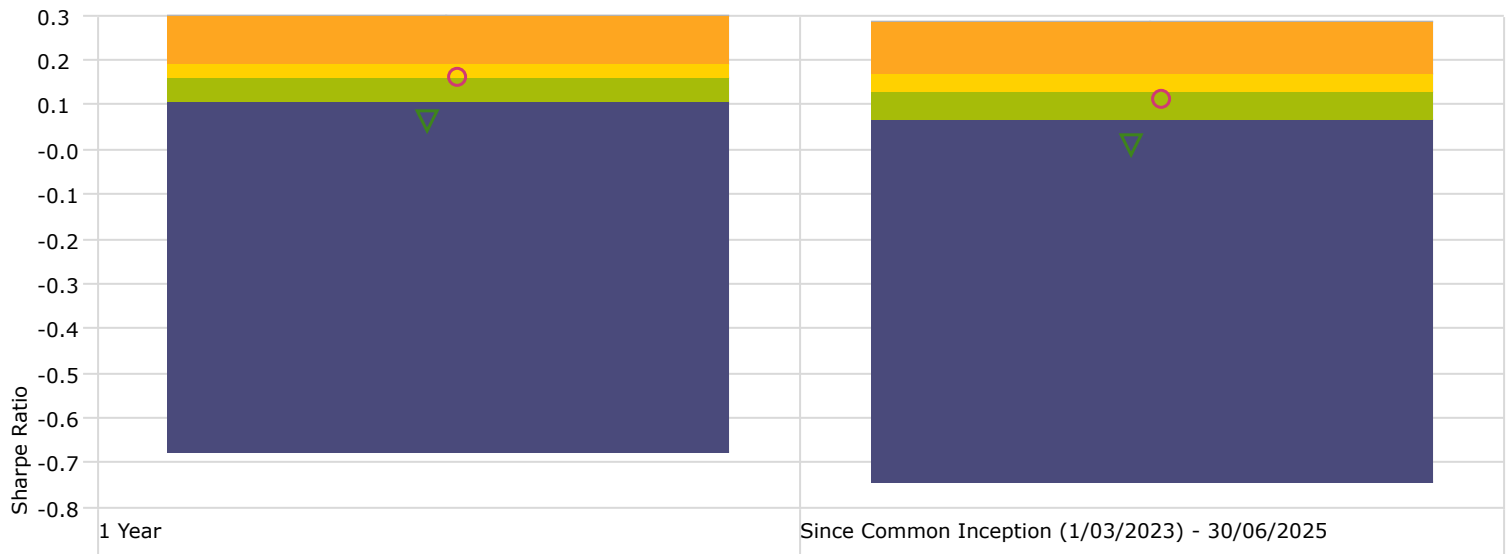
Sharpe Ratio Relative to Peer Group - Moderately Conservative

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

Top Quartile 2nd Quartile 3rd Quartile Bottom Quartile

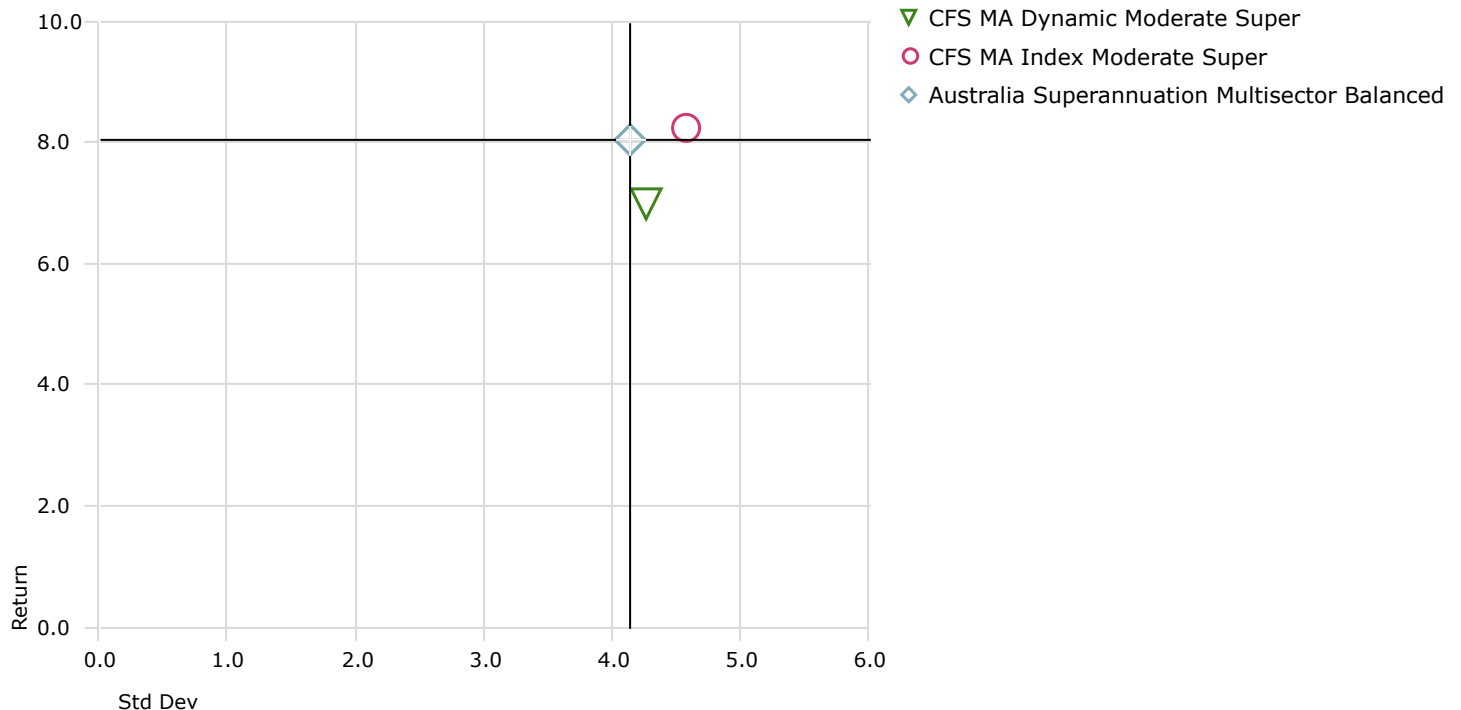
▽ CFS MA Dynamic Moderate Super

○ CFS MA Index Moderate Super



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Risk-Reward (Since common inception)



CFS AZ Sestante Quarterly Report

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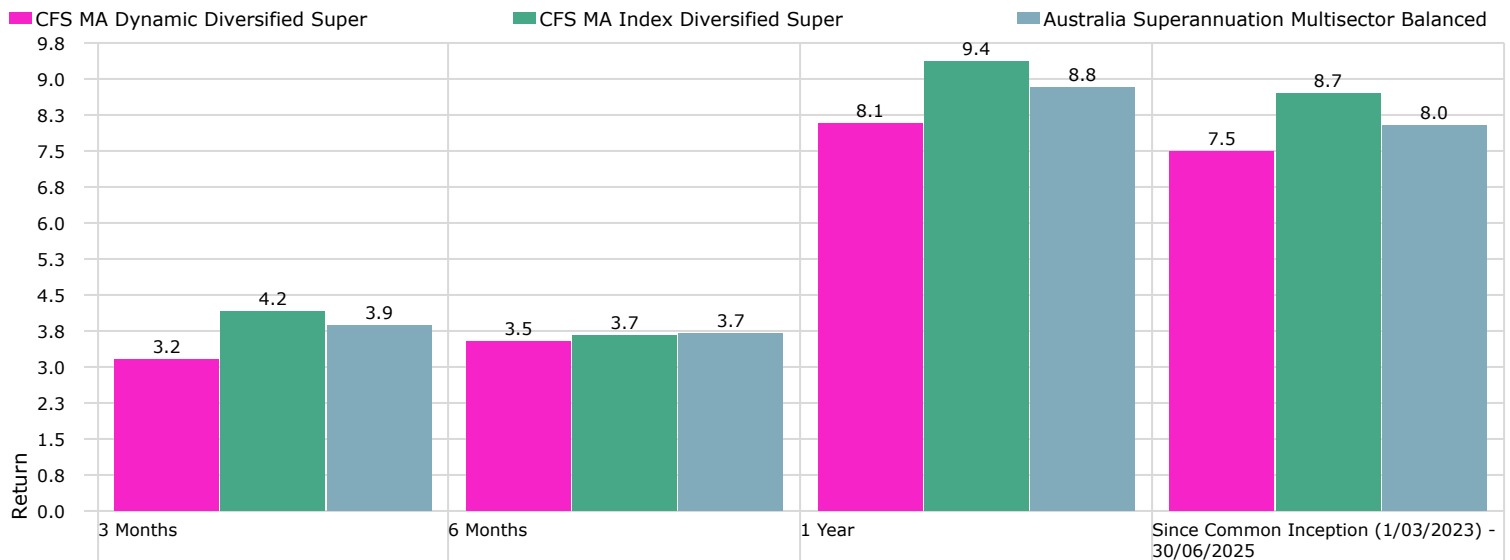
Peer Group Returns

Multisector Balanced Category



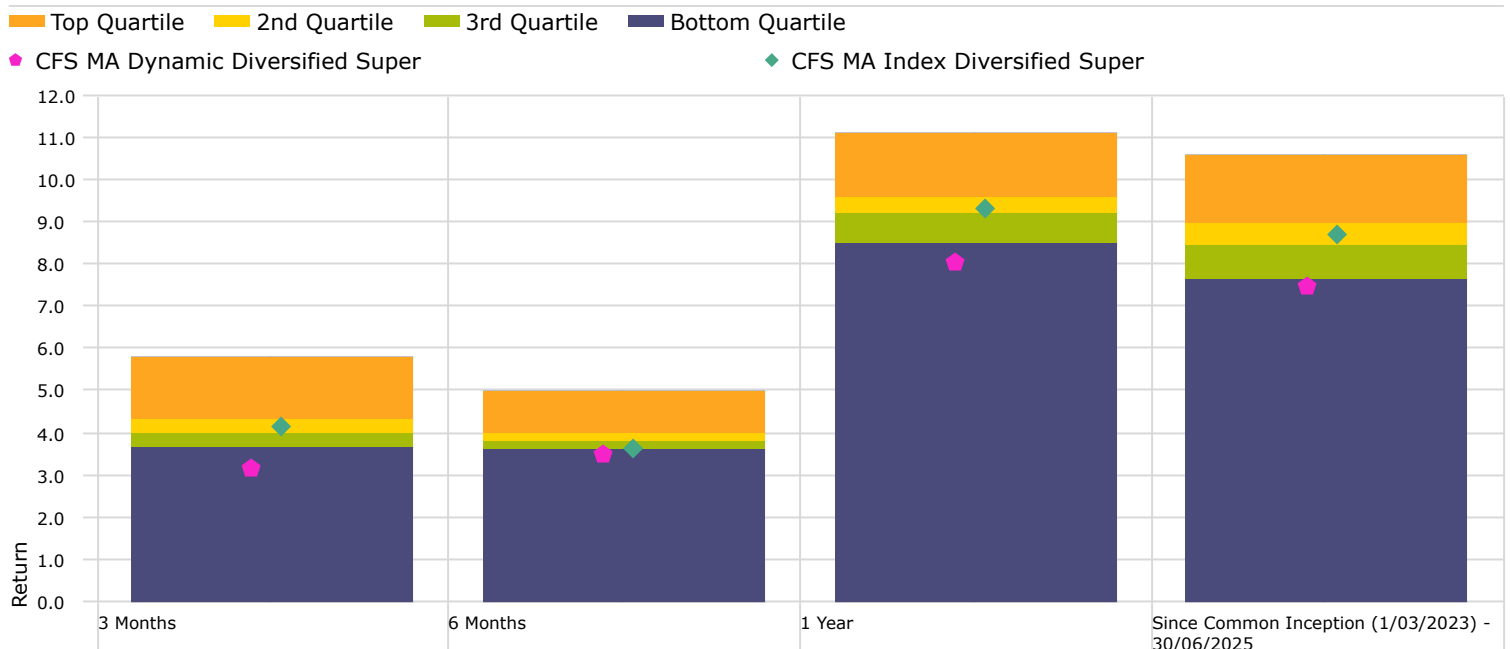
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Sestante Moderately Conservative Portfolios vs Morningstar Peers



Sestante Moderately Conservative Performance Relative to Peer Group

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



CFS AZ Sestante Quarterly Report

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Peer Group Returns

Multisector Balanced Category

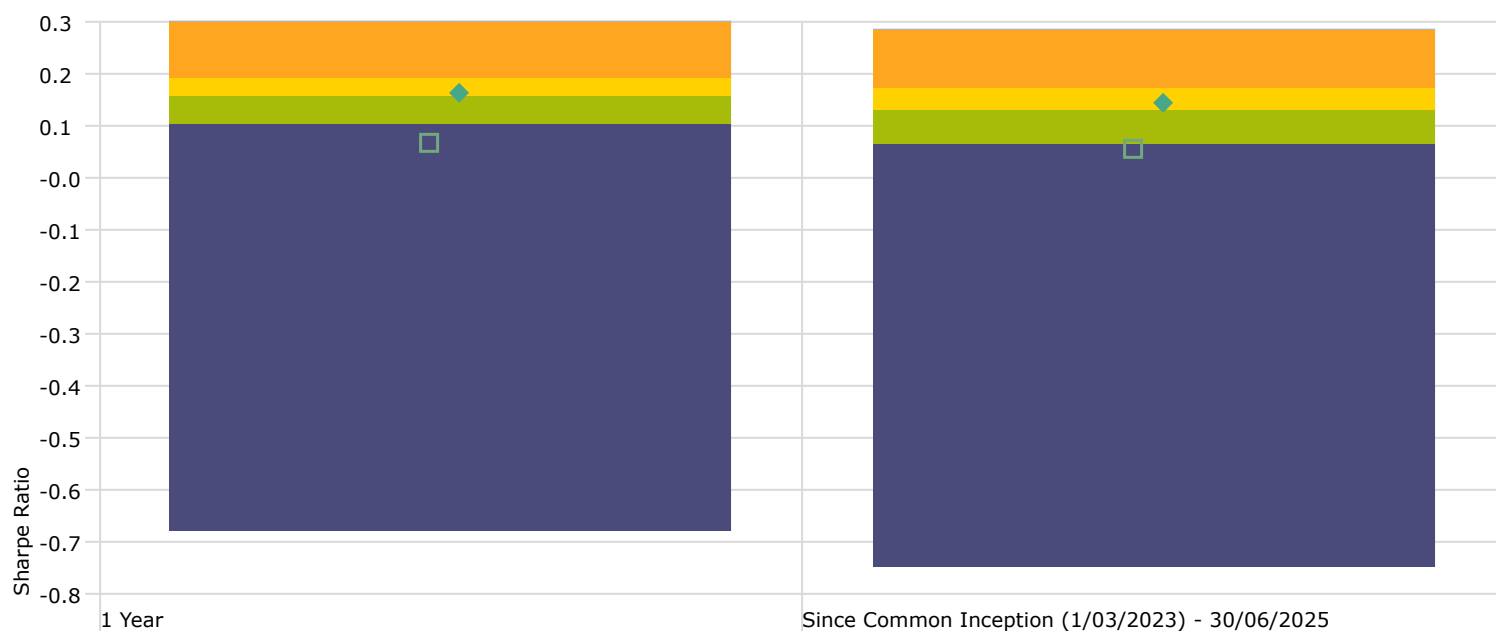
Sharpe Ratio Relative to Peer Group - Moderately Conservative

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

Top Quartile 2nd Quartile 3rd Quartile Bottom Quartile

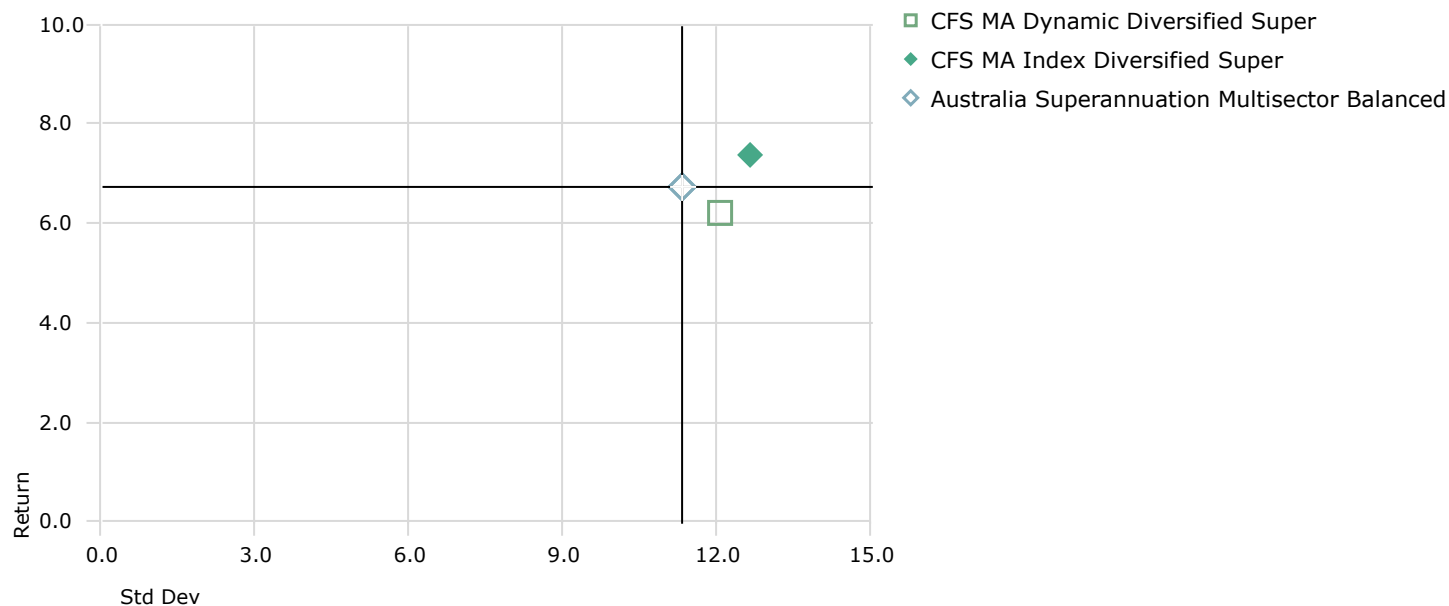
■ CFS MA Dynamic Diversified Super

◆ CFS MA Index Diversified Super



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Risk-Reward (Since common inception)



CFS AZ Sestante Quarterly Report

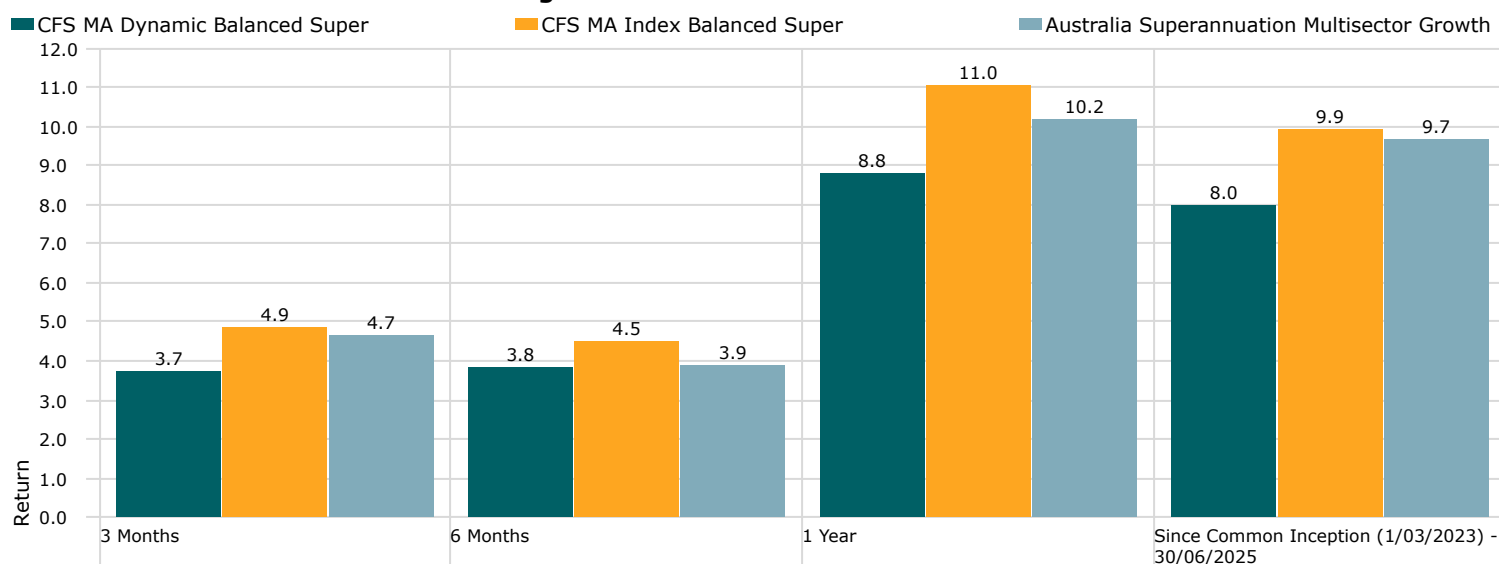
As of 30/06/2025

Peer Group Returns

Multisector Growth Category

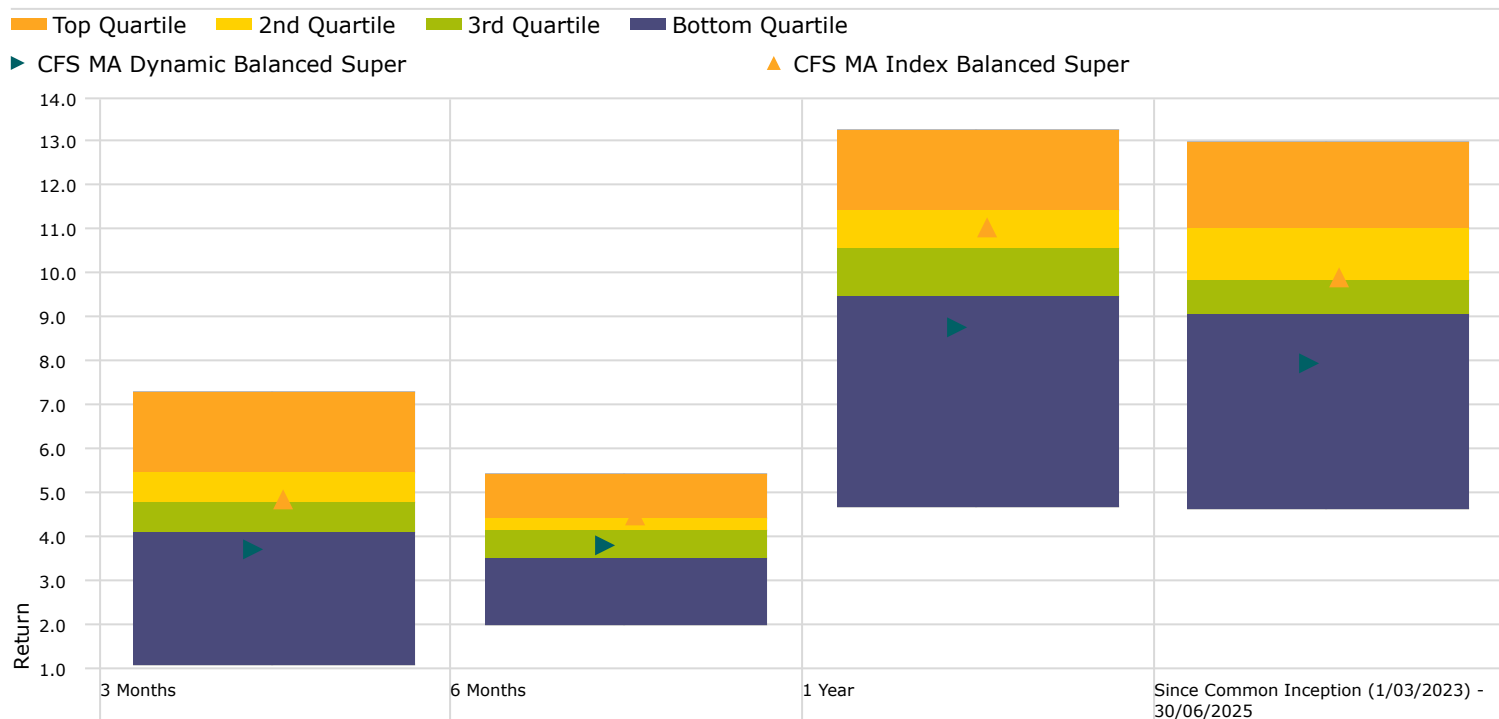
This part of the report aims provide investors an effective way to compare the CFS AZ Sestante portfolios with like options. The Multisector Growth Category consists of funds that invest in a number of sectors and have between 61% and 80% of their investments exposed to the growth sectors.

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



CFS AZ Sestante Quarterly Report

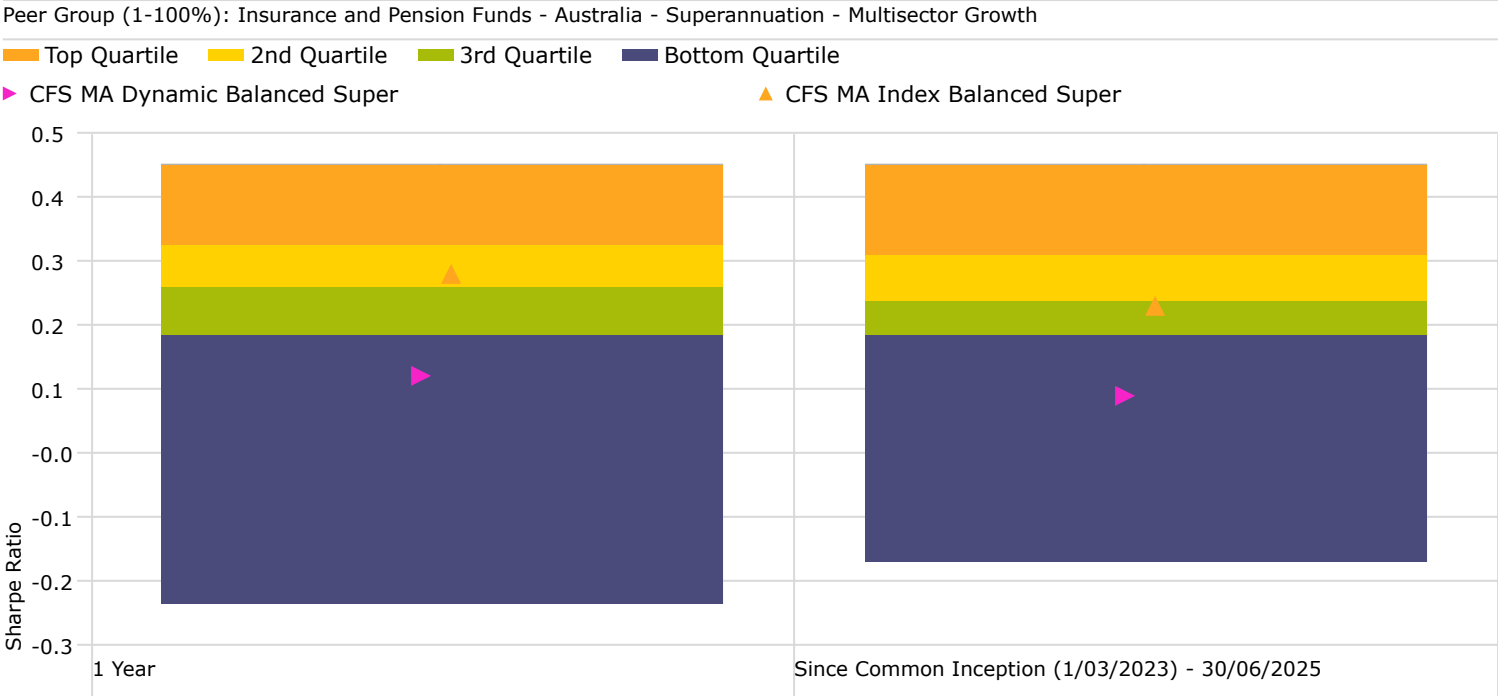
As of 30/06/2025

Peer Group Returns

Multisector Growth Category

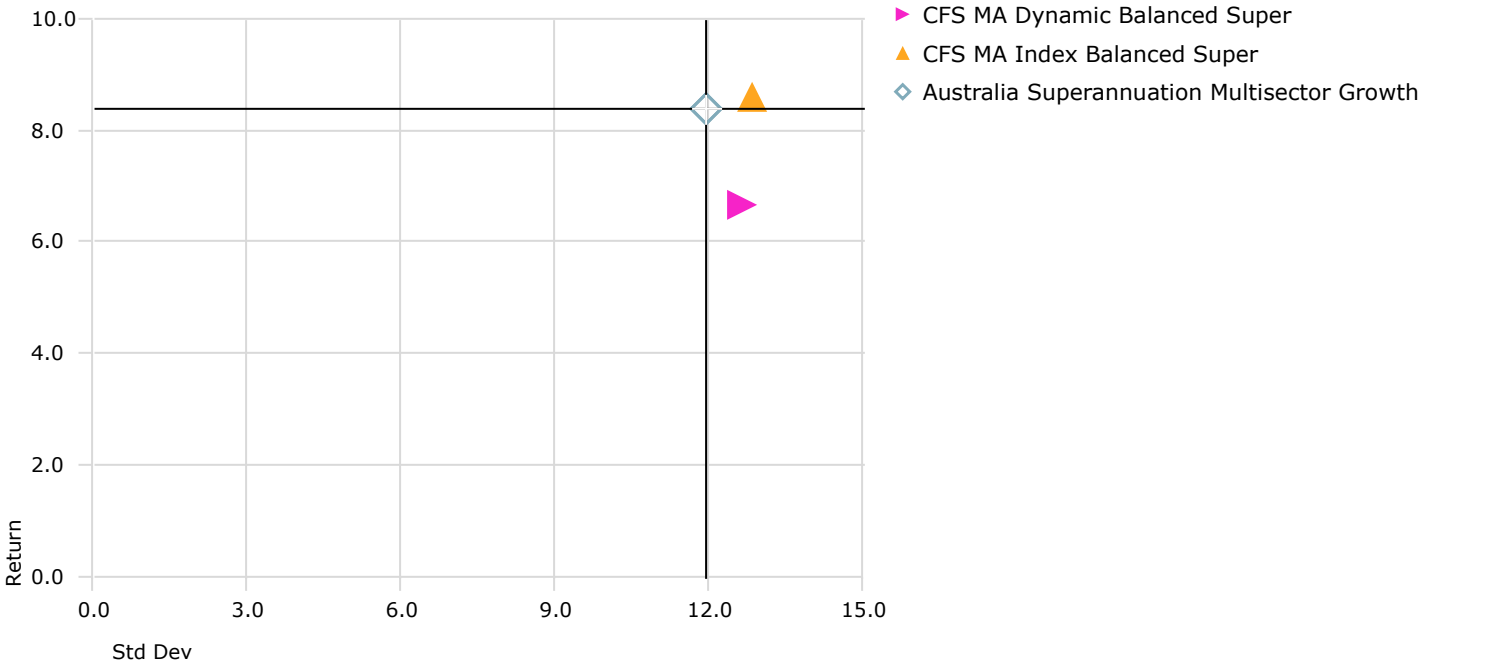


Sharpe Ratio Relative to Peer Group - Balanced



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)



CFS AZ Sestante Quarterly Report

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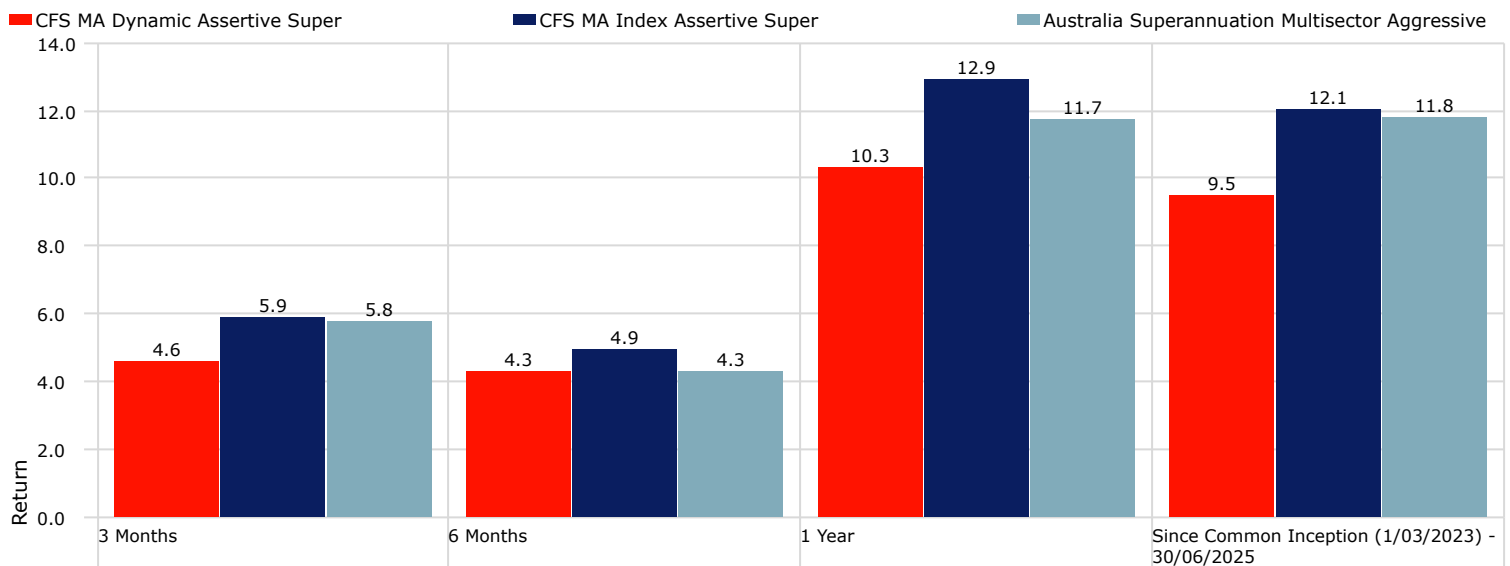
Peer Group Returns

Multisector Aggressive Category



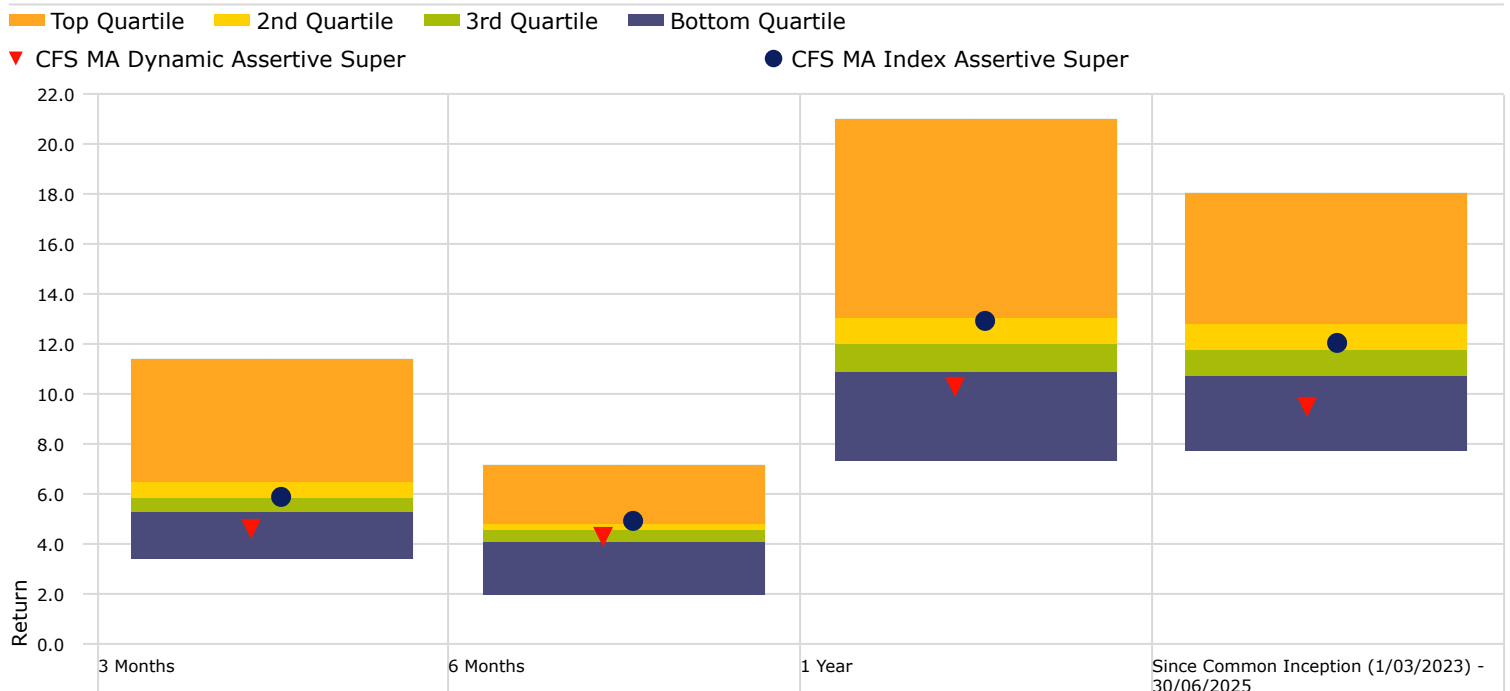
This part of the report aims provide investors an effective way to compare the CFS AZ Sestante portfolios with like options. Multisector Aggressive funds invest in a number of sectors and have over 80% of their assets in growth sectors.

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



CFS AZ Sestante Quarterly Report

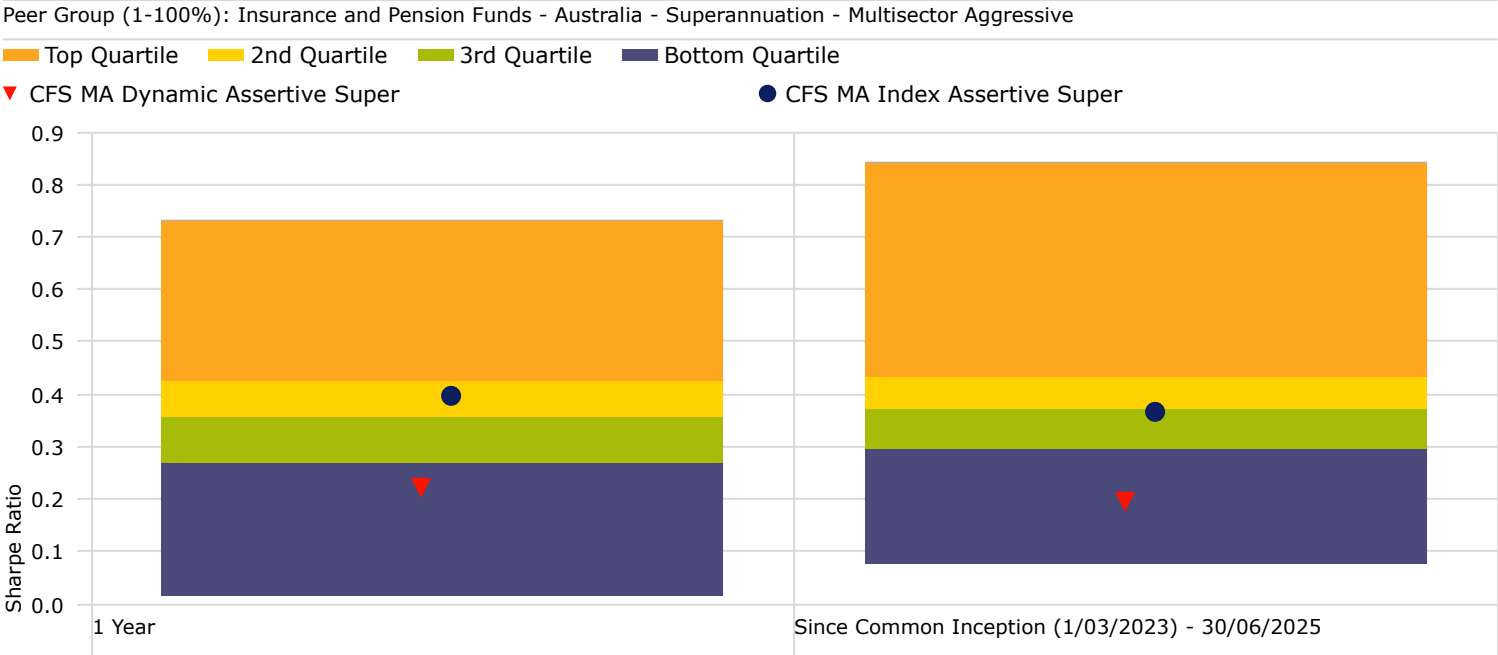
As of 30/06/2025

Peer Group Returns

Multisector Aggressive Category

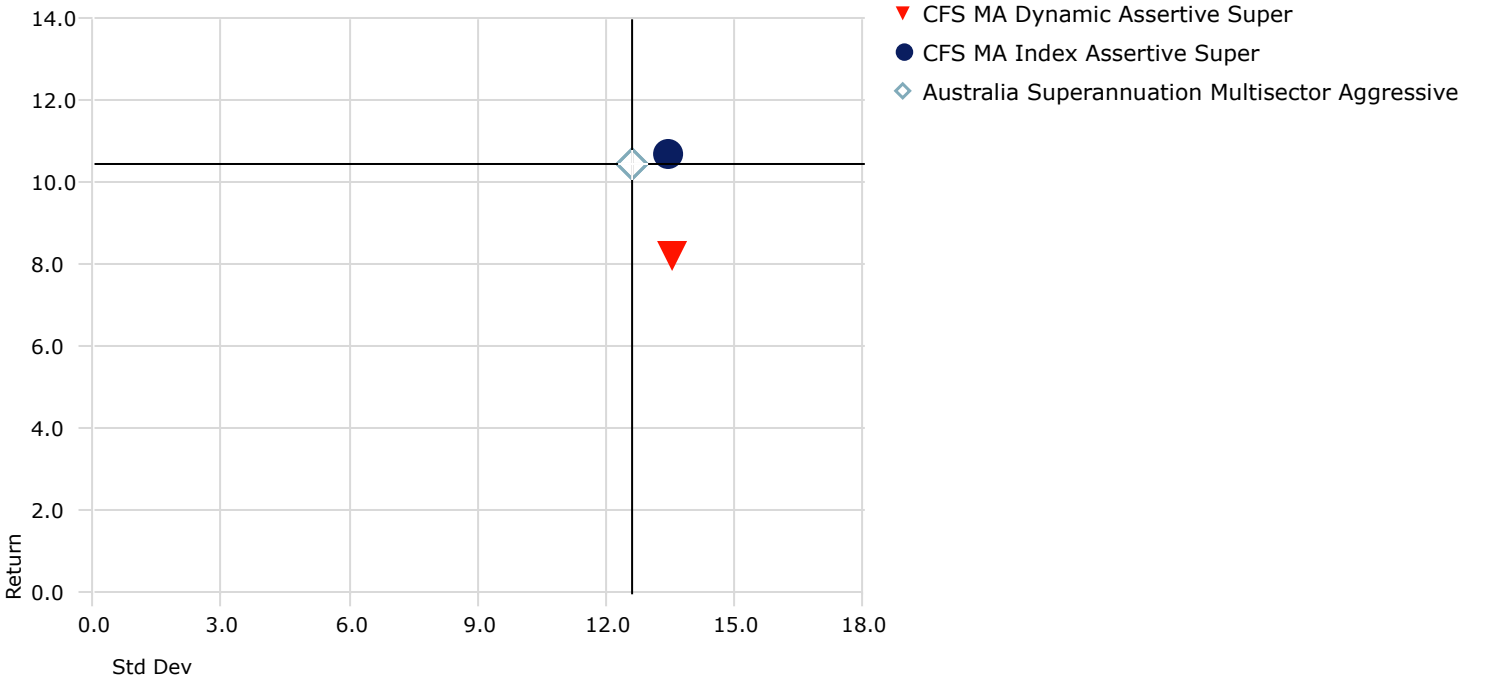


Sharpe Ratio Relative to Peer Group - Assertive



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Risk-Reward (Since common inception)



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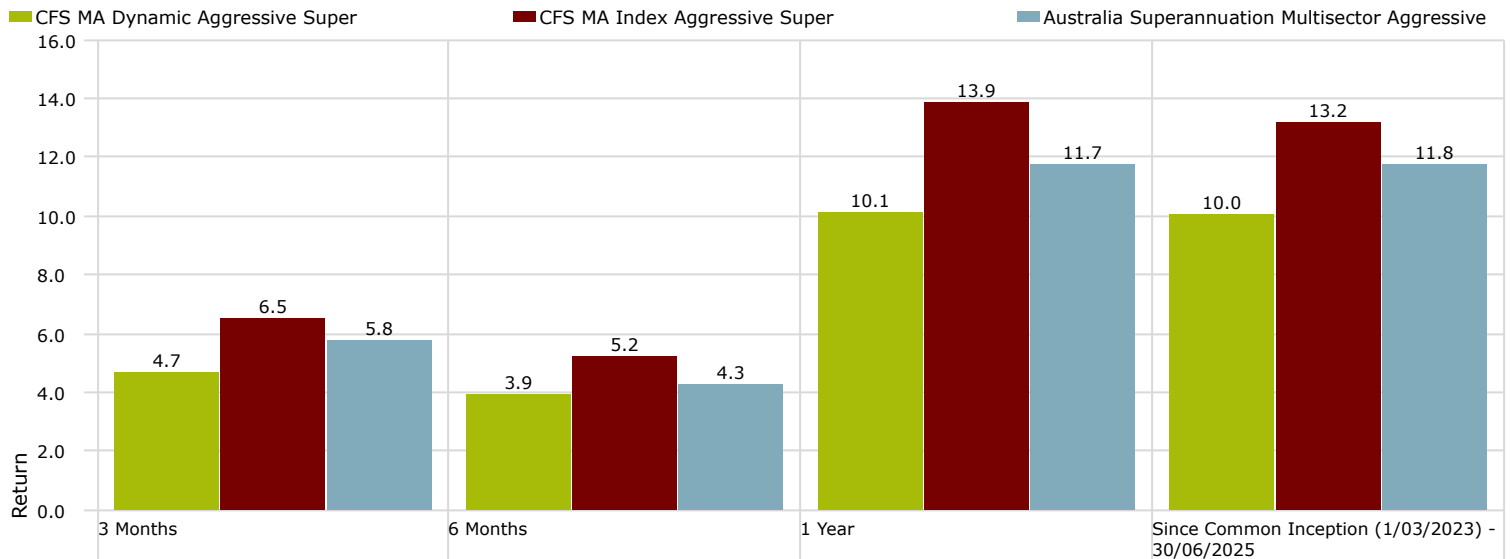
Peer Group Returns

Multisector Aggressive Category



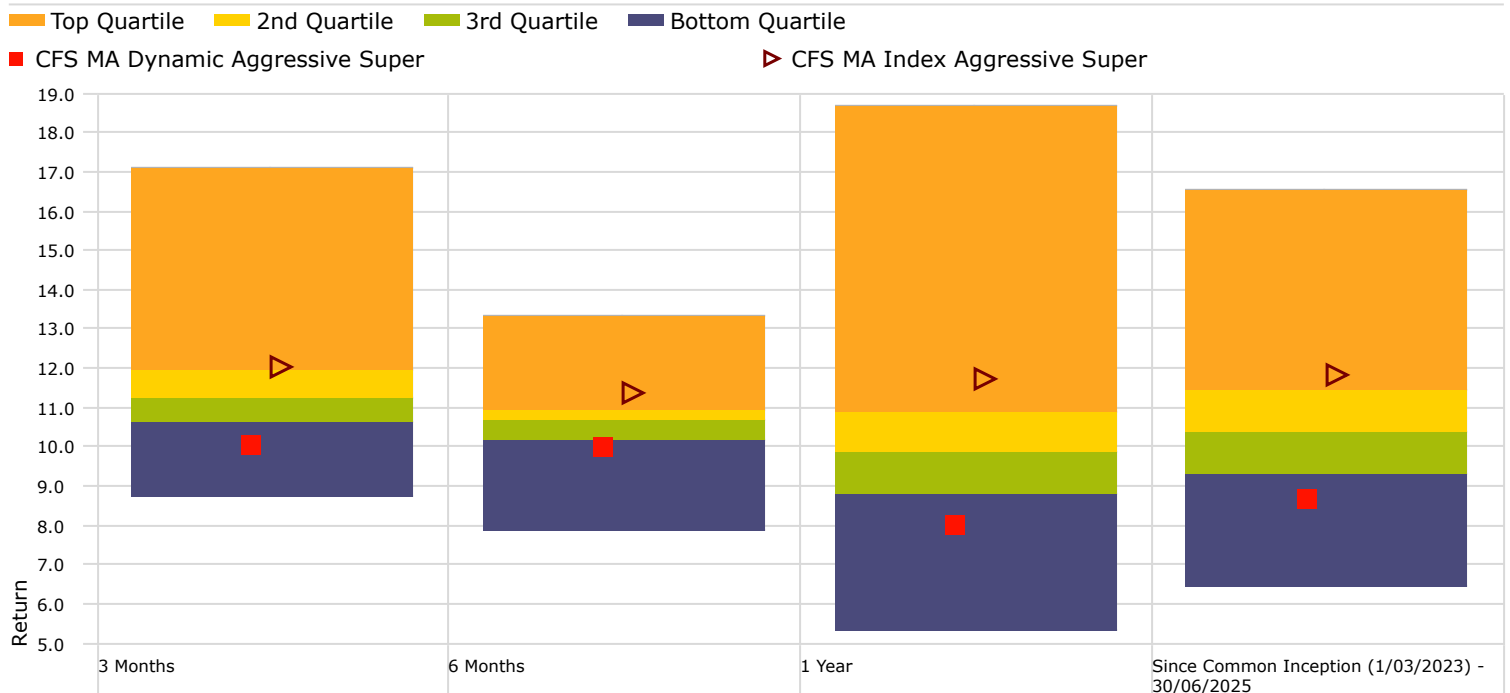
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Sestante Aggressive Portfolios vs Morningstar Peers



Sestante Aggressive Performance Relative to Peer Group

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



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Peer Group Returns

Multisector Aggressive Category



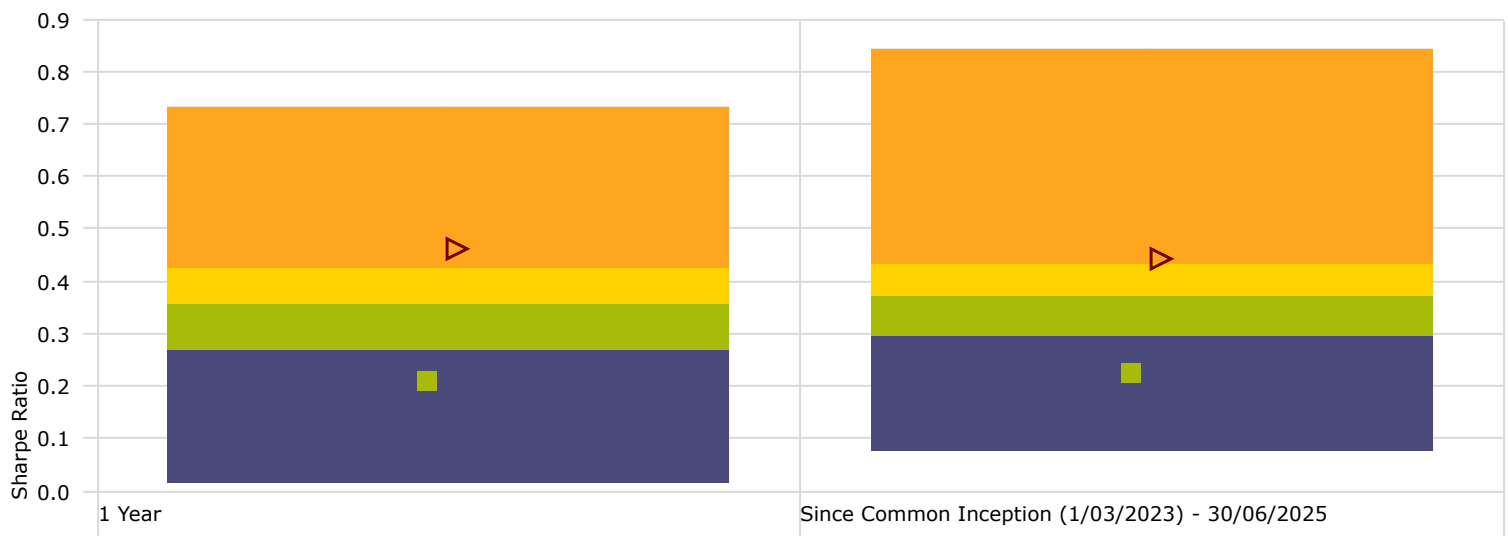
Sharpe Ratio Relative to Peer Group - Aggressive

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

Top Quartile 2nd Quartile 3rd Quartile Bottom Quartile

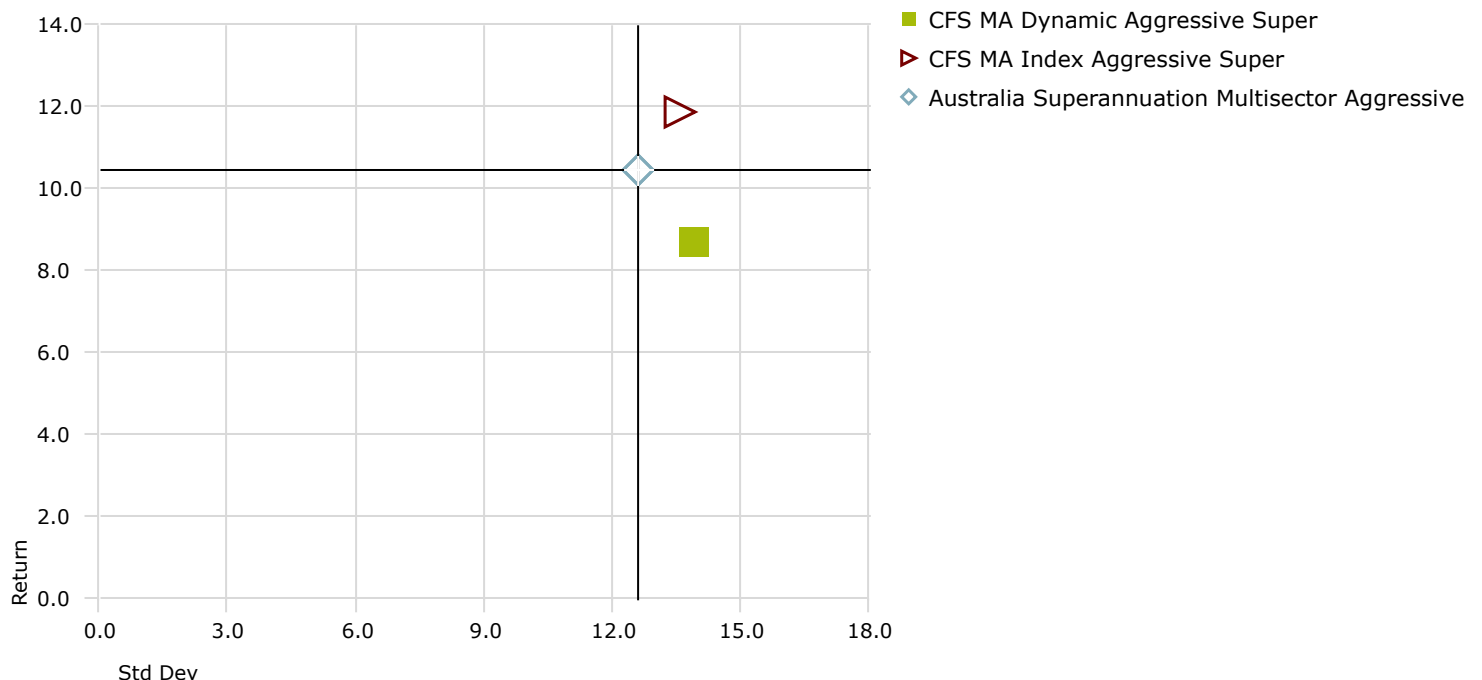
CFS MA Dynamic Aggressive Super

CFS MA Index Aggressive Super



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)



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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.
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