

# Sestante Dynamic Conservative Portfolio

## Monthly Investment Report

As of 31/08/2025

### Latest performance\*

	1-mth	3-mths	1-yr	3-yr	5-yr	Inception
Sestante Dynamic Conservative	0.79	2.23	6.46	7.00	4.15	4.00
RBA Cash Rate + 2% p.a.	0.47	1.46	6.34	6.15	4.58	4.18

### Market Review

Investment markets remained largely resilient in August, with equity and fixed income assets continuing to perform strongly despite underlying volatility from geopolitical tensions, policy uncertainty, and sector-specific headwinds. Investor sentiment was buoyed by corporate earnings that generally exceeded expectations, dovish central bank signals, and a shift in positioning toward value-oriented assets and underperforming sectors such as small caps.

Global equities saw meaningful gains, with the MSCI All-Country World Index rising 2.5%. U.S. stocks led much of the momentum with the S&P 500 adding 2.1% despite a mid-month dip driven by weaker employment data and softening enthusiasm around AI. Small-cap stocks outpaced large caps, with the Russell 2000 jumping 7% as rate-cut speculation and domestic growth optimism brought renewed interest to previously lagging areas of the market. Technology stocks, however, faced pressure amid reports questioning the near-term return on AI investments, contributing to a sector rotation toward value names. The tech-heavy NASDAQ wavered as optimism around the so-called "Magnificent 7" began to fade.

Japan stood out among developed markets, with its equity indices boosted by a weaker yen and strength in AI-related infrastructure investments. Meanwhile, European stocks recorded modest gains, though performance was held back by political instability in France, where the CAC 40 declined. The UK market also underperformed due to inflation pressures and mixed central bank communication, despite a 0.25% rate cut from the Bank of England. In emerging markets, equities gained 1.5%, supported by a rebound in Chinese stocks following a pause in new U.S. tariffs and optimism around domestic semiconductor investment. In contrast, the Indian and South Korean markets struggled under the weight of new tariffs and regulatory concerns.

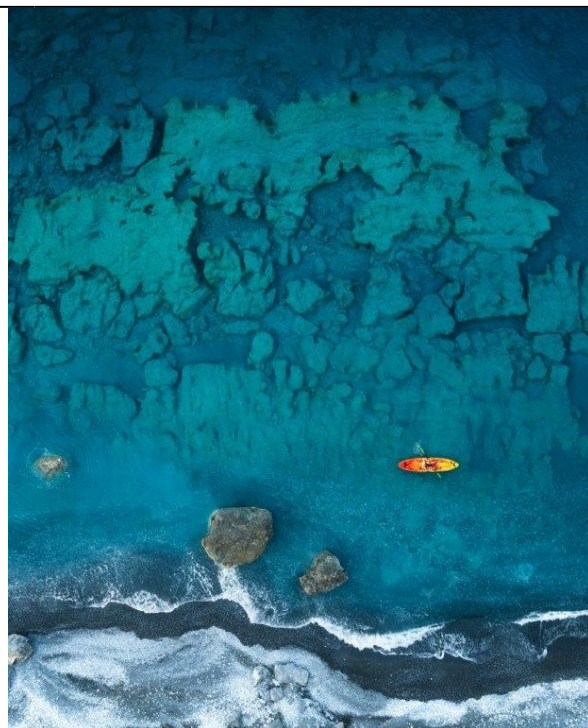
Strong corporate earnings were a significant driver of equity gains. In the U.S., over 75% of companies in the S&P 500 beat analyst estimates, with notable standouts like Nvidia posting year-over-year revenue growth of more than 50%. Despite this, a key AI-related earnings miss and reports from institutions like MIT raised doubts about the immediate profitability of enterprise AI, contributing to broader caution within the tech sector.

Bond markets also rallied, particularly on the short end of the curve, as Federal Reserve Chair Jerome Powell's Jackson Hole speech was interpreted as dovish. The two-year U.S. Treasury yield fell significantly, while longer-term yields remained more volatile due to fiscal concerns and political interference risks. Investment-grade credit performed well globally, supported by narrowing spreads and healthy earnings, while high-yield bonds also advanced thanks to improving liquidity and economic resilience in the U.S.

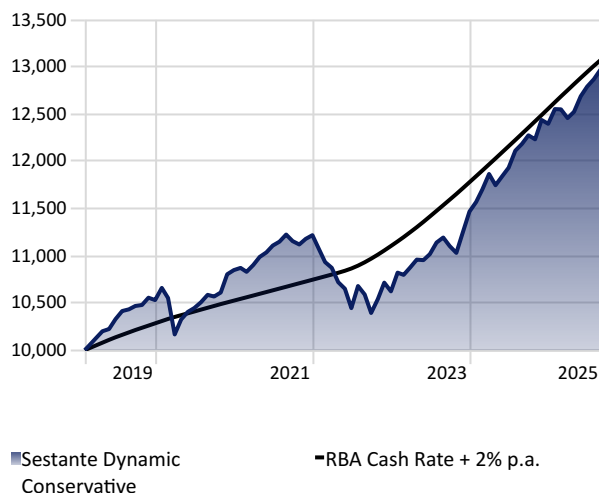
Global yield curves steepened as rate-cut expectations lowered front-end yields. In Europe, bonds saw moderate weakness tied to inflationary persistence, while Japanese yields inched higher amid speculation about eventual rate normalisation.

While August ended on a strong note across asset classes, market gains now sit on elevated valuations and fragile macro underpinnings. AI investment doubts, political risks, and central bank policy shifts remain key variables heading into the remainder of the year.

For a detailed market review and outlook, please refer to the Monthly Market Commentary document available on [www.azsestante.com/investment-options](http://www.azsestante.com/investment-options)



### \$10,000 invested over time



### Portfolio information

- Investment Objective: target RBA cash rate +2.0% per annum over rolling 5-year periods after fees.
- Asset Class: Diversified
- 30% Growth / 70% Defensive Split
- Portfolio Inception Date: 7 February 2019

## ESG Risk Score

● Sestante Dynamic Conservative

### Corporate ESG Risk Score



### Sovereign ESG Risk Score



## ESG Pillar Score



## Major Index Returns

	1 Month	3 Months	6 Months	1 Year	3 Years
S&P/ASX 200 TR AUD	3.10	7.03	11.65	14.74	13.04
MSCI World Ex Australia GR AUD	0.95	6.71	5.36	20.58	21.07
Bloomberg AusBond Composite 0+Y TR AUD	0.33	1.05	3.11	4.31	3.74
Bloomberg Global Aggregate TR Hdg AUD	0.49	1.25	1.39	2.84	2.50
S&P Global Infrastructure NR AUD	0.24	2.15	8.82	22.75	13.11

### Important information

\*Past performance is not a reliable indicator of future performance. Performance is calculated before taxes, model management and platform fees and after underlying investment management fees. For full details of fees please refer to the relevant platform offer documents. Performance is notional in nature and an individual investor's actual performance may differ to the that of the model portfolio. Investment performance is shown from 7/2/2019 and represents modelled performance only and assumes income received is reinvested.

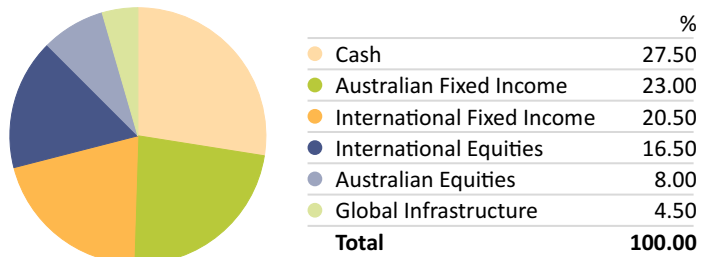
The Morningstar Historical Corporate Sustainability Score is a weighted average of the trailing 12 months of Morningstar Portfolio Corporate Sustainability Scores. Historical portfolio scores are not equal-weighted; rather, more-recent portfolios are weighted more heavily than older portfolios. Combining the trailing 12 months of portfolio scores adds consistency while still reflecting portfolio managers' current decisions by weighting the most recent portfolio scores more heavily.

ESG pillar scores are displayed as a number between 0 and 100 with most scores range between 0 and 25. It is the asset-weighted average of the company environmental, social, governance risk scores for the covered corporate holdings in a portfolio. The scores measure the degree to which a company's economic value may be at risk driven by environmental, social, and governance factors. The risk represents the unmanaged risk exposure after taking into account a company's management of such risks.

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## Current Asset Allocation

Portfolio Date: 31/08/2025



## Where your funds are invested

<b>Cash</b>	<b>27.50</b>	—
BetaShares Aus High Interest Cash ETF	25.50	—
Cash	2.00	—
<b>Australian Fixed Income</b>	<b>23.00</b>	—
Janus Henderson Tactical Income	11.50	●●●●●
Yarra Australian Bond Fund	6.00	—
Western Asset Aus Bond Tr M	5.50	●●●●●
<b>International Fixed Income</b>	<b>20.50</b>	—
PIMCO Global Bond W	10.50	●●●●●
Macquarie Dynamic Bond No.1 W	10.00	—
<b>International Equities</b>	<b>16.50</b>	—
Ironbark Brown Advisory Global Share	5.00	●●●●●
GQG Partners Global Equity AUD Hedged	4.50	●●●●●
Vanguard MSCI Intl ETF	3.50	●●●●●
Vanguard All-World ex-US Shares ETF	2.00	●●●●●
iShares S&P 500 AUD Hedged ETF	1.50	●●●●●
<b>Australian Equities</b>	<b>8.00</b>	—
iShares Core S&P/ASX 200 ETF	3.50	●●●●●
Paradice Australian Equities Fund	1.50	●●●●●
Schroder Australian Equity Fund - PC	1.50	●●●●●
Yarra Ex-20 Australian Equities Fund	1.50	●●●●●
<b>Global Infrastructure</b>	<b>4.50</b>	—
VanEck FTSE Gbl Infrs(AUD Hdg)ETF	4.50	●●●●●
<b>Total</b>	<b>100.00</b>	

**Morningstar's Globe Ratings** are just one tool that can help investors work out a fund's ESG credentials. A 5 Globe Rating indicates a fund is at the top end of its peer group in terms of sustainability, while a 1 Globe Rating shows it is underperforming on sustainability issues.

## Portfolio changes

During August, we made a series of changes within the portfolio to align with our preferred dynamic asset allocation (DAA) tilts at this stage of the market cycle. Within fixed interest, we shifted from our overweight position in Australian fixed interest, which has delivered strong results in recent months, towards an overweight in global fixed interest.

The exposure to the Pendal Short Term Income Securities Fund was exited, while the exposure to the Janus Henderson Tactical Income Fund was increased. The exposures to the Western Asset Australian Bond Fund and the Yarra Australian Bond Fund were adjusted to provide the desired Australian Fixed Interest exposure. The exposure was increased for the Macquarie Dynamic Bond Fund, while the exposure to the PIMCO Global Bond Fund was adjusted to maintain the desired DAA exposure to global fixed interest.