

CFS AZ Sestante Quarterly Report

As of 31/12/2025

Market Review



Market Review

Global investment markets delivered a solid finish to 2025, with risk assets extending gains through the fourth quarter despite periods of volatility. Most major equity benchmarks ended Q4 higher, and several indices finished the year near record or multi-year highs. Global shares were supported by resilient earnings, ongoing investor enthusiasm for AI-linked themes and a shift in expectations toward easier policy settings into 2026. For the full year, global equities were strong, with the MSCI World Index returning around 21% (USD terms).

A key development was the clear outperformance of non-US equities versus US markets across 2025, driven by cheaper valuations outside the US and a rotation away from crowded US technology exposures. In the US, the S&P 500 gained 2.3% in Q4 and finished the year up over 16%, while the Nasdaq 100 also rose 2.3% in Q4 and ended 2025 up about 20%. Market leadership broadened modestly as value outperformed growth in the quarter (approximately +3% vs +2.2%), with healthcare notably strong at around +12% for Q4. Within the “Magnificent 7”, performance was more mixed, with Alphabet up roughly 65% for the year and Nvidia up around 39%, while other mega-cap peers were less dominant than earlier in the cycle.

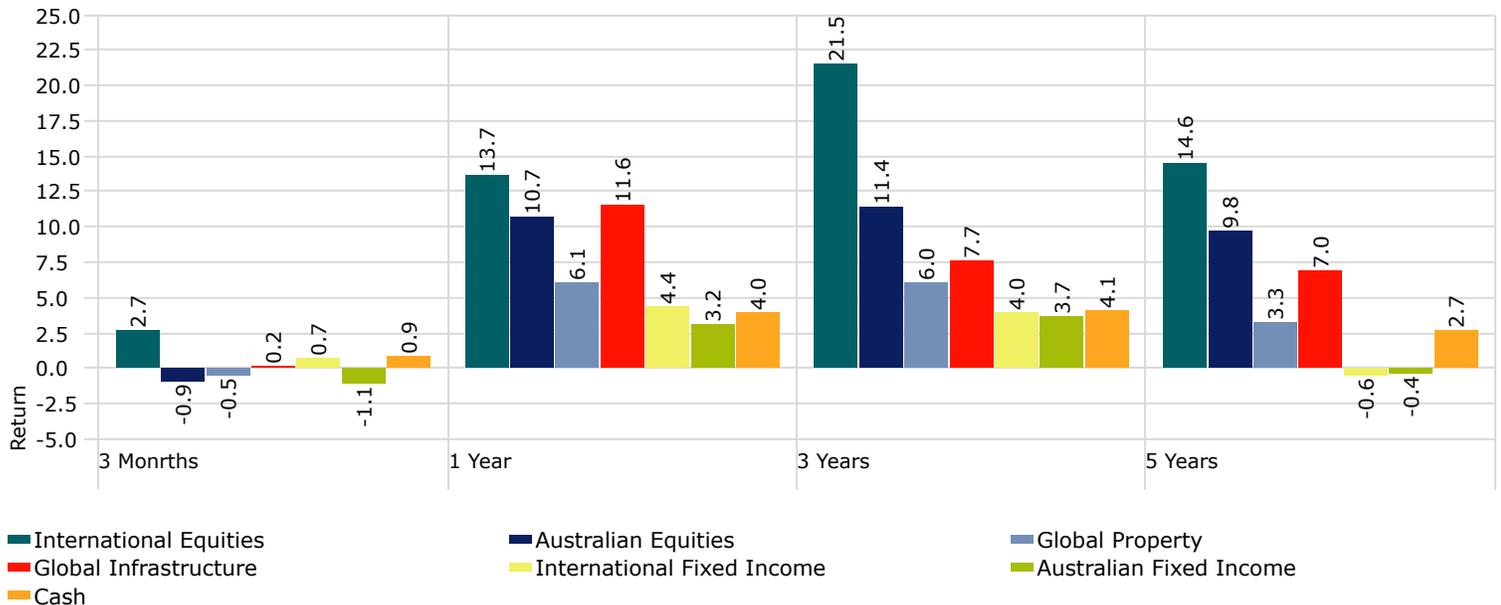
Europe and the UK also recorded robust outcomes. Eurozone equities posted strong gains in Q4 and materially outperformed for the year, with the Euro Stoxx 600 up 6.2% for the quarter. In the UK, performance was particularly strong, with the FTSE All-Share up about 5.7% for the quarter, supported by globally exposed financials, resources and defence-related stocks. In Japan, equities extended their rally, with the TOPIX Total Return up 8.8% and the Nikkei 225 up 12.0% in Q4 (local currency terms).

Emerging markets also outperformed developed peers during the quarter, helped by technology-heavy Korea and Taiwan, while China declined as property concerns resurfaced. Asia ex-Japan rose 4.3% in Q4 and gained about 32% for 2025 (USD terms). Australian equities also participated in the constructive global tone through the quarter, supported by improving risk appetite and stronger confidence heading into 2026.

In fixed income, results diverged across regions as yield curves generally steepened. US Treasuries were mixed, UK gilts outperformed, and Japanese government bonds sold off sharply. Credit produced positive returns with spreads still historically tight, while commodities were led by precious metals, with gold up more than 60% and silver up over 140% in 2025, contrasting with weaker energy markets where WTI ended near \$57/bbl (around -20% for the year).

Returns

As of Date: 31/12/2025



*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.

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Market Review



CFS Conservative (Super)

The Dynamic portfolio posted a return of 0.75% for the quarter, underperforming its target. For the quarter, Emerging Markets and currency hedged International Shares were the best performing sectors. The exposure to the recently added Pental Global Emerging Markets Opportunities Fund was the best performing underlying fund on an absolute return basis. The second-best performer was the RQI Global Value Fund, followed by the CFS Index Global Shares - Hedged product. The portfolio's main detractor this quarter was GQG, which has continued to underperform due to its very defensive portfolio positioning post "Liberation Day" in April. Australian equities had a relatively poor quarter, with the ASX 300 Accumulation Index losing 0.9%. Within Australian equities, the Schroders Australian Equity Fund had a great quarter, outperforming its benchmark by 3.7%, the best relative return for the portfolio this quarter. At the sector level, an overweight allocation to Materials and an underweight allocation to both Information Technology and Consumer Discretionary added positively to relative returns. The Pental Australian Share Fund underperformed its benchmark by 0.5%, detracting value from the portfolio. Pental's key detractors from performance were overweight exposures to both CSL and Xero. The portfolio's Fixed Income exposures were mixed, with the best performing fund being the PIMCO Global Bond Fund, that returned 1.0% for the quarter.

The Index portfolio achieved a quarterly return of 0.55%, underperforming its cash + 1.5% (annual) target. The best performing underlying assets within the portfolio this quarter were the CFS Index Global Shares – Hedged and the CFS badged version of the Vanguard All-World Ex-US Shares Index ETF. The poorest performer for the quarter was the CFS Index Australian Bond allocation, as Australian bond yields rose, negatively impacting performance.

CFS Moderate (Super)

The Dynamic portfolio posted a return of 0.99% for the quarter, underperforming its target. For the quarter, Emerging Markets and currency hedged International Shares were the best performing sectors. The exposure to the recently added Pental Global Emerging Markets Opportunities Fund was the best performing underlying fund on an absolute return basis. The second-best performer was the RQI Global Value Fund, followed by the CFS Index Global Shares - Hedged product. The portfolio's main detractor this quarter was GQG, which has continued to underperform due to its very defensive portfolio positioning post "Liberation Day" in April. Australian equities had a relatively poor quarter, with the ASX 300 Accumulation Index losing 0.9%. Within Australian equities, the Schroders Australian Equity Fund had a great quarter, outperforming its benchmark by 3.7%, the best relative return for the portfolio this quarter. At the sector level, an overweight allocation to Materials and an underweight allocation to both Information Technology and Consumer Discretionary added positively to relative returns. The Pental Australian Share Fund underperformed its benchmark by 0.5%, detracting value from the portfolio. Pental's key detractors from performance were overweight exposures to both CSL and Xero. The portfolio's Fixed Income exposures were mixed, with the best performing fund being the PIMCO Global Bond Fund, that returned 1.0% for the quarter.

The Index portfolio achieved a quarterly return of 0.63%, underperforming its cash + 2.0% (annual) target. The best performing underlying assets within the portfolio this quarter were the CFS Index Global Shares – Hedged and the CFS badged version of the Vanguard All-World Ex-US Shares Index ETF. The poorest performer for the quarter was the CFS Index Australian Bond allocation, as Australian bond yields rose, negatively impacting performance.

CFS Diversified (Super)

The Dynamic portfolio posted a 0.94% return for the quarter, underperforming its target. For the quarter, Emerging Markets and currency hedged International Shares were the best performing sectors. The exposure to the recently added Pental Global Emerging Markets Opportunities Fund was the best performing underlying fund on an absolute return basis. The second-best performer was the RQI Global Value Fund, followed by the CFS Index Global Shares - Hedged product. The portfolio's main detractor this quarter was GQG, which has continued to underperform due to its very defensive portfolio positioning post "Liberation Day" in April. Australian equities had a relatively poor quarter, with the ASX 300 Accumulation Index losing 0.9%. Within Australian equities, the Schroders Australian Equity Fund had a great quarter, outperforming its benchmark by 3.7%, the best relative return for the portfolio this quarter. At the sector level, an overweight allocation to Materials and an underweight allocation to both Information Technology and Consumer Discretionary added positively to relative returns. The Pental Australian Share Fund underperformed its benchmark by 0.5%, detracting value from the portfolio. Pental's key detractors from performance were overweight exposures to both CSL and Xero. The portfolio's Fixed Income exposures were mixed, with the best performing fund being the PIMCO Global Bond Fund, that returned 1.0% for the quarter.

The Index portfolio achieved a quarterly return of 0.71%, outperforming its cash + 2.5% (annual) target. The best performing underlying assets within the portfolio this quarter were the CFS Index Global Shares – Hedged and the CFS badged version of the Vanguard All-World Ex-US Shares Index ETF. The poorest performer for the quarter was the CFS Index Australian Bond allocation, as Australian bond yields rose, negatively impacting performance.

CFS Balanced (Super)

The Dynamic portfolio posted a 0.97% return for the quarter, underperforming its target. For the quarter, Emerging Markets and currency hedged International Shares were the best performing sectors. The exposure to the recently added Pental Global Emerging Markets Opportunities Fund was the best performing underlying fund on an absolute return basis. The second-best performer was the RQI Global Value Fund, followed by the CFS Index Global Shares - Hedged product. The portfolio's main detractor this quarter was GQG, which has continued to underperform due to its very defensive portfolio positioning post "Liberation Day" in April. Australian equities had a relatively poor quarter, with the ASX 300 Accumulation Index losing 0.9%. Within Australian equities, the Schroders Australian Equity Fund had a great quarter, outperforming its benchmark by 3.7%, the best relative return for the portfolio this quarter. At the sector level, an overweight allocation to Materials and an underweight allocation to both Information Technology and Consumer Discretionary added positively to relative returns. The Pental Australian Share Fund underperformed its benchmark by 0.5%, detracting value from the portfolio. Pental's key detractors from performance were overweight exposures to both CSL and Xero. The portfolio's Fixed Income exposures were mixed, with the best performing fund being the PIMCO Global Bond Fund, that returned 1.0% for the quarter.

The Index portfolio achieved a quarterly return of 0.79%, underperforming its cash + 3.25% (annual) target. The best performing underlying assets within the portfolio this quarter were the CFS Index Global Shares – Hedged and the CFS badged version of the Vanguard All-World Ex-US Shares Index ETF. The poorest performer for the quarter was the CFS Index Australian Bond allocation, as Australian bond yields rose, negatively impacting performance.

CFS Assertive (Super)

The Dynamic portfolio posted a 1.53% return for the quarter, underperforming its target. For the quarter, Emerging Markets and currency hedged International Shares were the best performing sectors. The exposure to the recently added Pental Global Emerging Markets Opportunities Fund was the best performing underlying fund on an absolute return basis. The second-best performer was the RQI Global Value Fund, followed by the CFS Index Global Shares - Hedged product. The portfolio's main detractor this quarter was GQG, which has continued to underperform due to its very defensive portfolio positioning post "Liberation Day" in April. Australian equities had a relatively poor quarter, with the ASX 300 Accumulation Index losing 0.9%. Within Australian equities, the Schroders Australian Equity Fund had a great quarter, outperforming its benchmark by 3.7%, the best relative return for the portfolio this quarter. At the sector level, an overweight allocation to Materials and an underweight allocation to both Information Technology and Consumer Discretionary added positively to relative returns. The Pental Australian Share Fund underperformed its benchmark by 0.5%, detracting value from the portfolio. Pental's key detractors from performance were overweight exposures to both CSL and Xero. The portfolio's Fixed Income exposures were mixed, with the best performing fund being the PIMCO Global Bond Fund, that returned 1.0% for the quarter.

The Index portfolio achieved a quarterly return of 1.11%, underperforming its cash + 4.0% (annual) target. The best performing underlying assets within the portfolio this quarter were the CFS Index Global Shares – Hedged and the CFS badged version of the Vanguard All-World Ex-US Shares Index ETF. The poorest performer for the quarter was the CFS Index Australian Bond allocation, as Australian bond yields rose, negatively impacting performance.

CFS Aggressive (Super)

The Dynamic portfolio posted a 1.27% return for the quarter, underperforming its target. For the quarter, Emerging Markets and currency hedged International Shares were the best performing sectors. The exposure to the recently added Pental Global Emerging Markets Opportunities Fund was the best performing underlying fund on an absolute return basis. The second-best performer was the RQI Global Value Fund, followed by the CFS Index Global Shares - Hedged product. The portfolio's main detractor this quarter was GQG, which has continued to underperform due to its very defensive portfolio positioning post "Liberation Day" in April. Australian equities had a relatively poor quarter, with the ASX 300 Accumulation Index losing 0.9%. Within Australian equities, the Schroders Australian Equity Fund had a great quarter, outperforming its benchmark by 3.7%, the best relative return for the portfolio this quarter. At the sector level, an overweight allocation to Materials and an underweight allocation to both Information Technology and Consumer Discretionary added positively to relative returns. The Pental Australian Share Fund underperformed its benchmark by 0.5%, detracting value from the portfolio. Pental's key detractors from performance were overweight exposures to both CSL and Xero.

The Index portfolio achieved a quarterly return of 1.26%, underperforming its cash + 4.5% (annual) target. The best performing underlying assets within the portfolio this quarter were the CFS Index Global Shares – Hedged and the CFS badged version of the Vanguard All-World Ex-US Shares Index ETF. The poorest performer for the quarter was the CFS Index Global Property Securities allocation.

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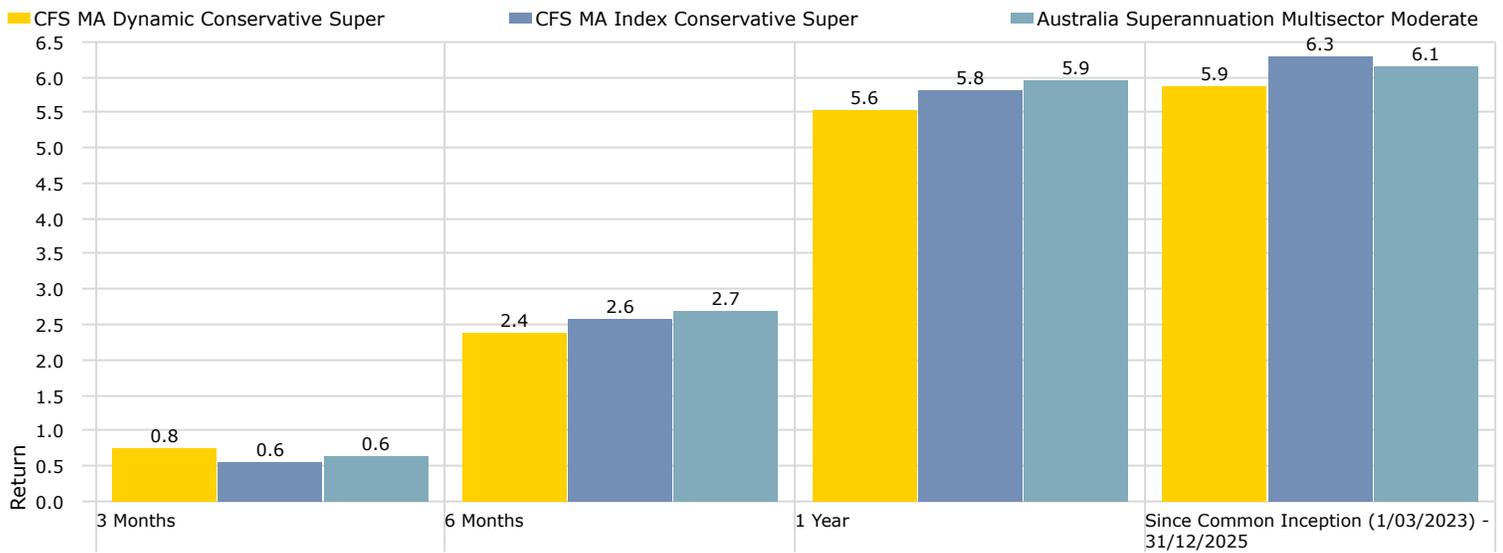
Peer Group Returns

Multisector Moderate Category



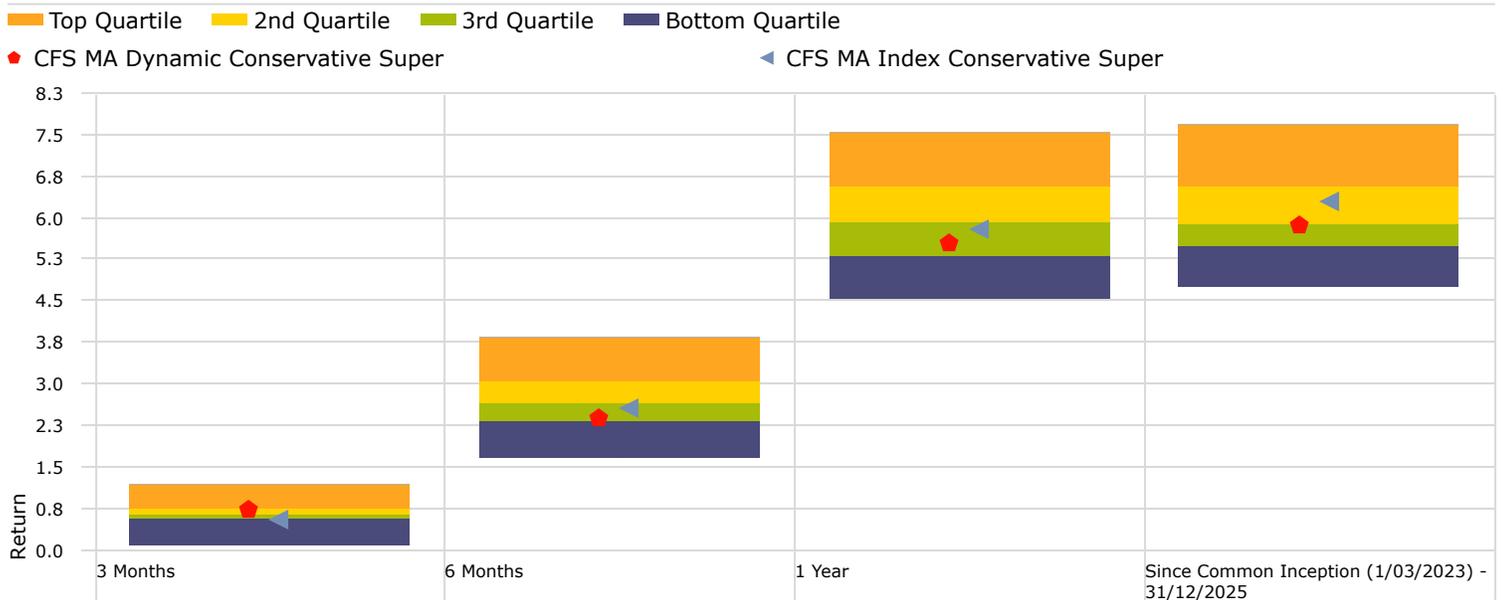
This part of the report aims to provide investors an effective way to compare the CFS AZ Sestante portfolios with like options. The Multisector Moderate Category consists of funds that invest in a number of sectors and have between 21% and 40% of their investments exposed to the growth sectors.

Sestante Conservative Portfolios vs Morningstar Peers



Sestante Conservative Performance Relative to Peer Group

Peer Group (5-95%): Insurance and Pension Funds - Australia - Superannuation - Multisector Moderate



CFS AZ Sestante Quarterly Report

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Peer Group Returns

Multisector Moderate Category



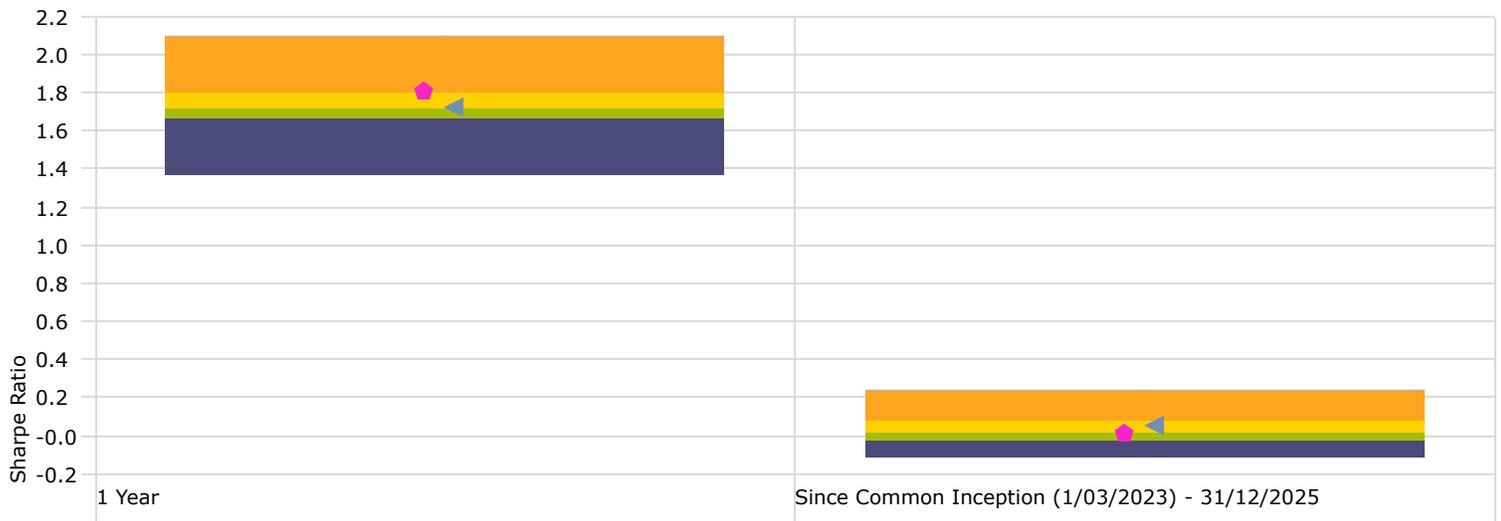
Sharpe Ratio Relative to Peer Group - Conservative

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

■ Top Quartile
 ■ 2nd Quartile
 ■ 3rd Quartile
 ■ Bottom Quartile

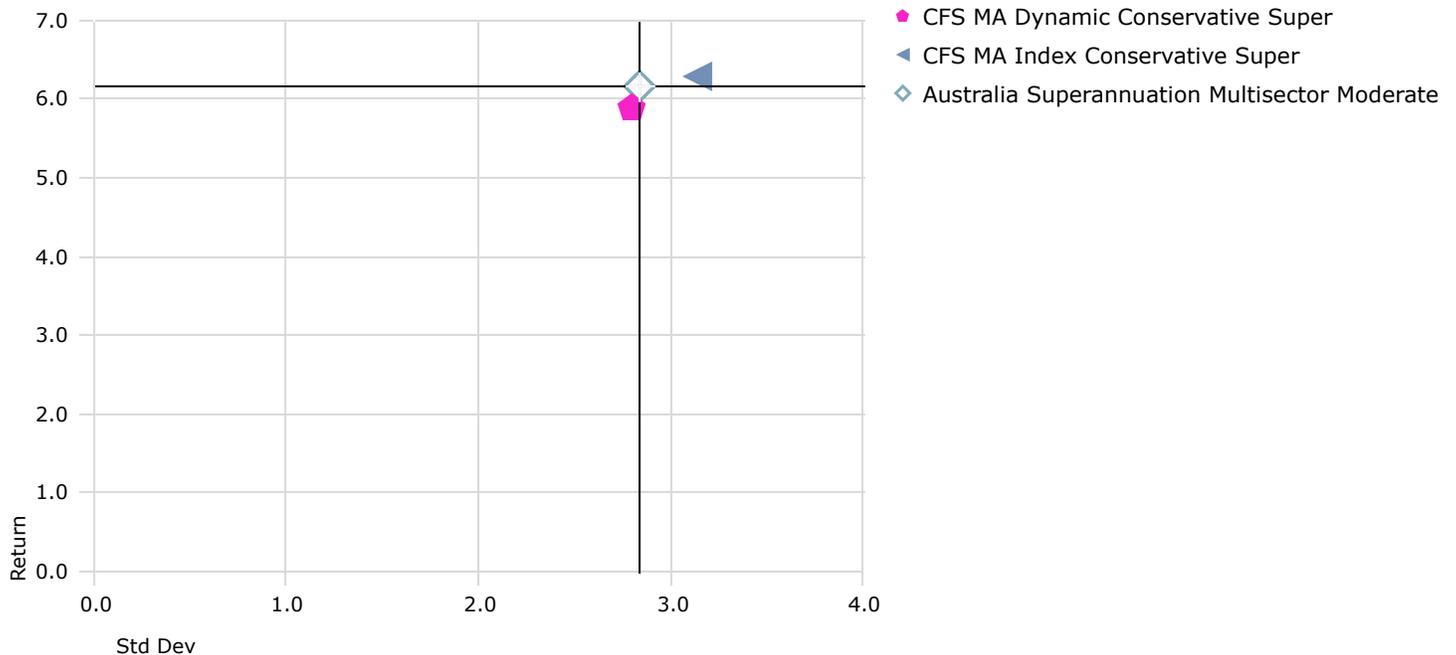
◆ CFS MA Dynamic Conservative Super

◀ CFS MA Index Conservative 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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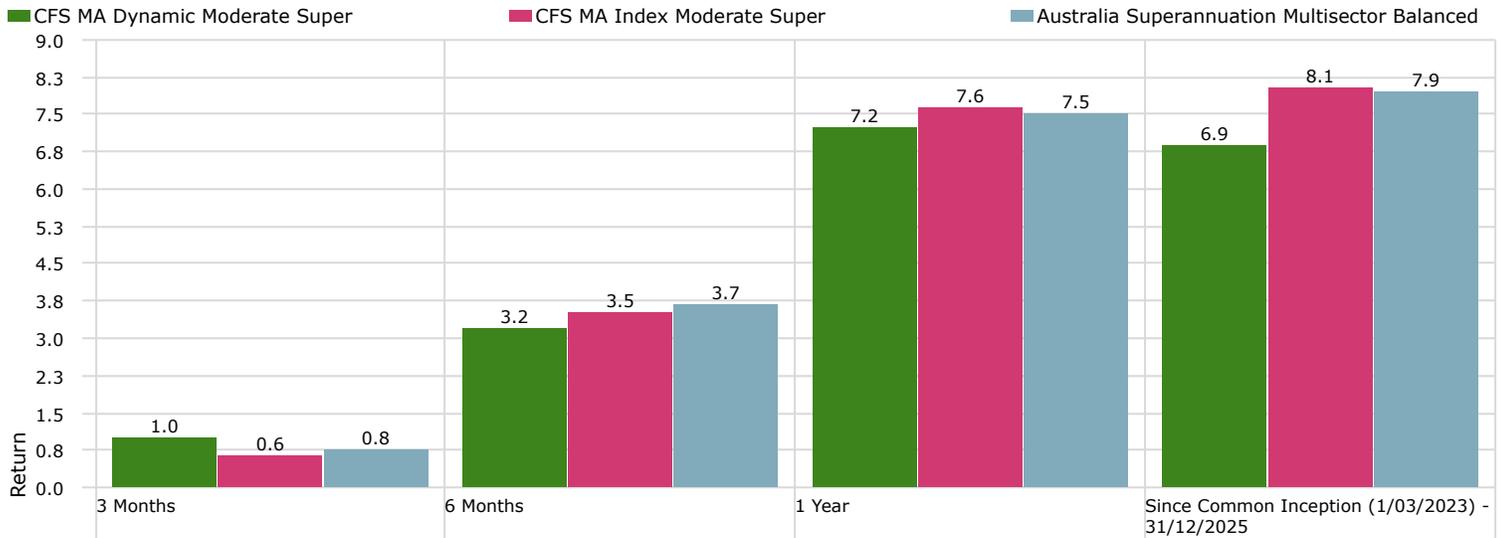
Peer Group Returns

Multisector Balanced Category



This part of the report aims to 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 (5-95%): Insurance and Pension Funds - Australia - Superannuation - Multisector Balanced



CFS AZ Sestante Quarterly Report
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 Peer Group Returns
 Multisector Balanced Category



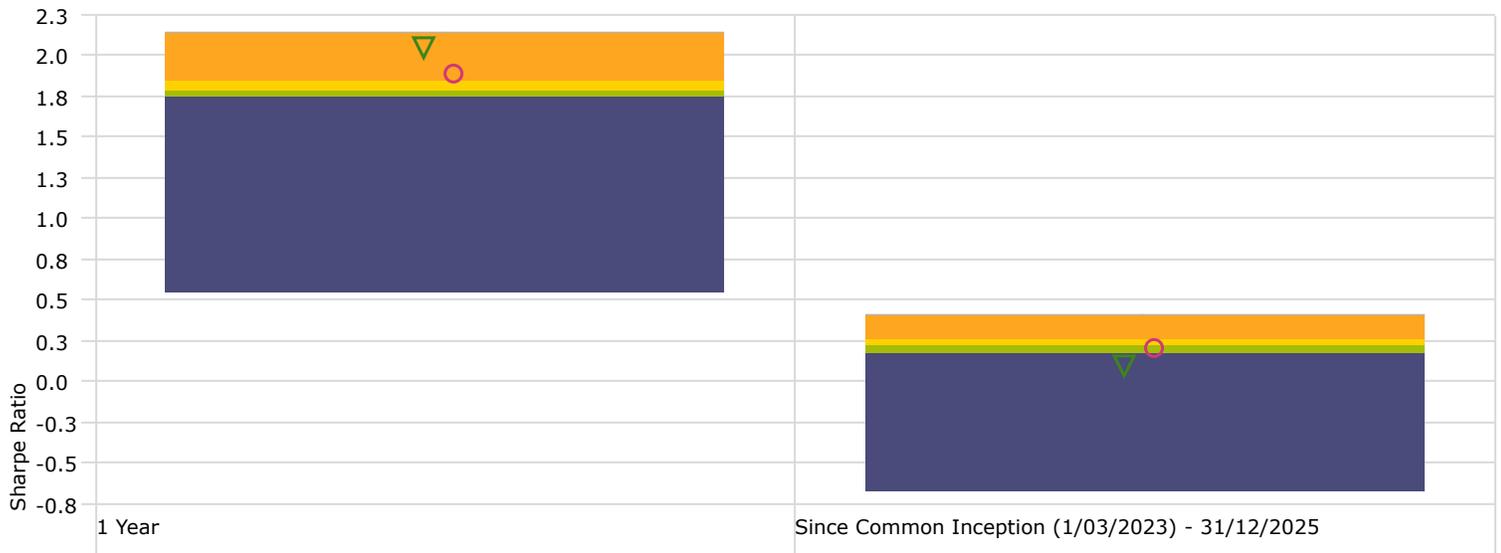
Sharpe Ratio Relative to Peer Group - Moderately Conservative

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

Top Quartile 2nd Quartile 3rd Quartile Bottom Quartile

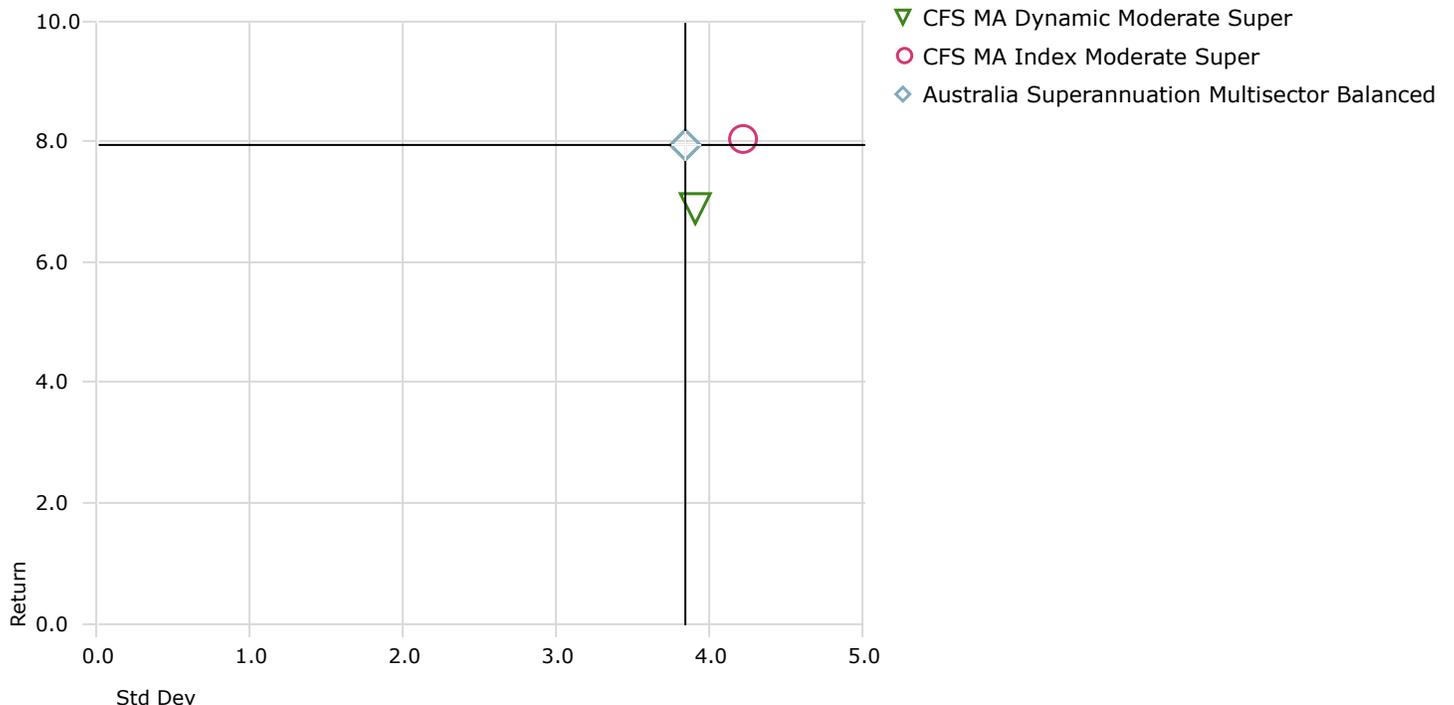
▽ CFS MA Dynamic Moderate Super

○ CFS MA Index Moderate Super



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Risk-Reward (Since common inception)



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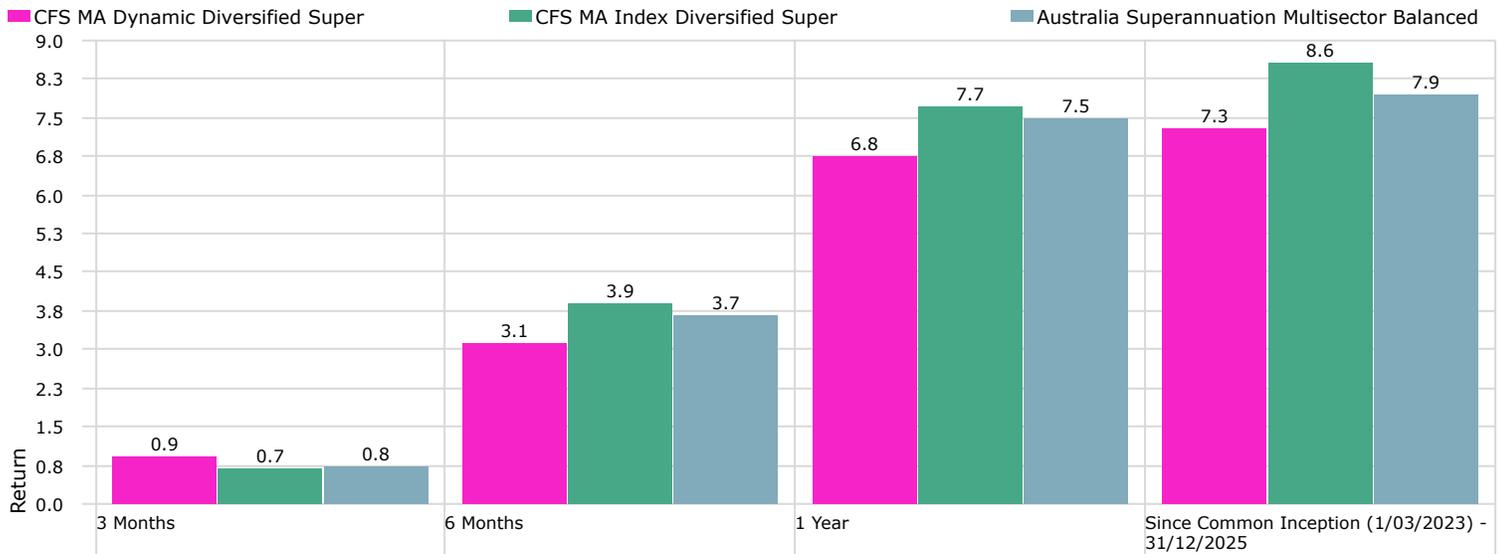
Peer Group Returns

Multisector Balanced Category



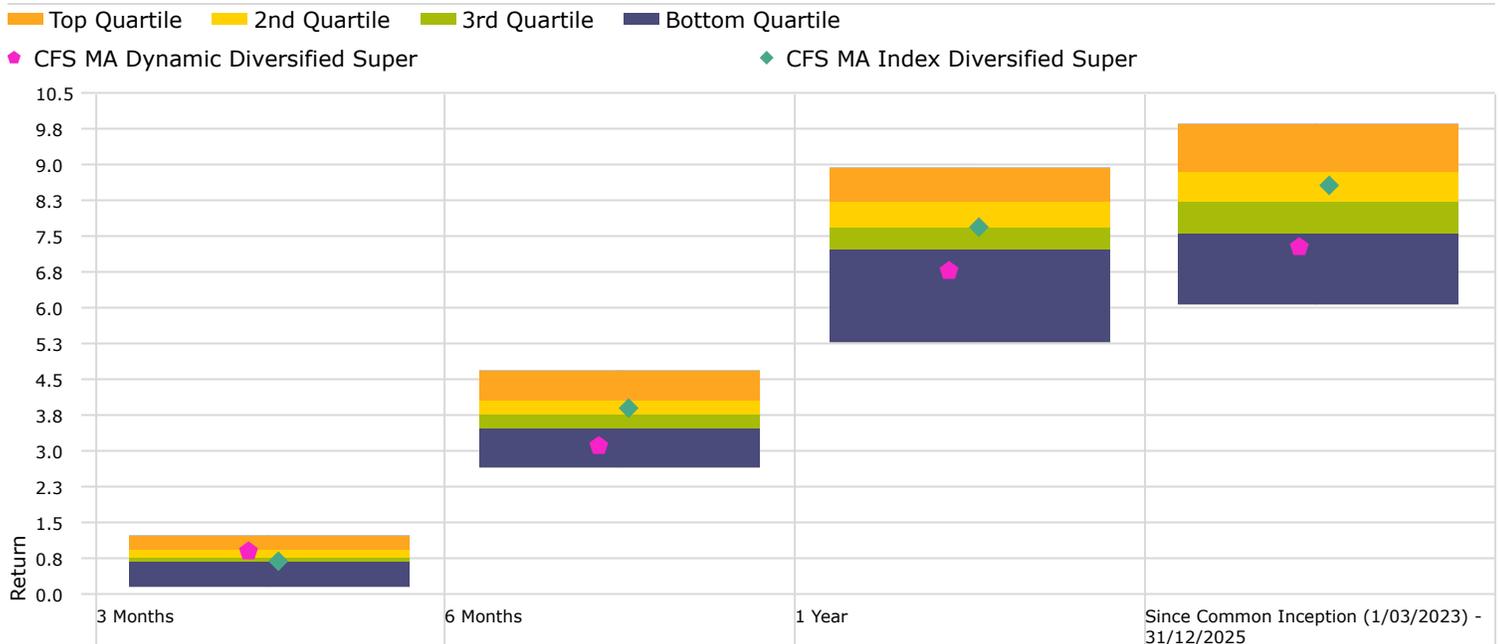
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Sestante Moderately Conservative Portfolios vs Morningstar Peers



Sestante Moderately Conservative Performance Relative to Peer Group

Peer Group (5-95%): Insurance and Pension Funds - Australia - Superannuation - Multisector Balanced



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Peer Group Returns

Multisector Balanced Category



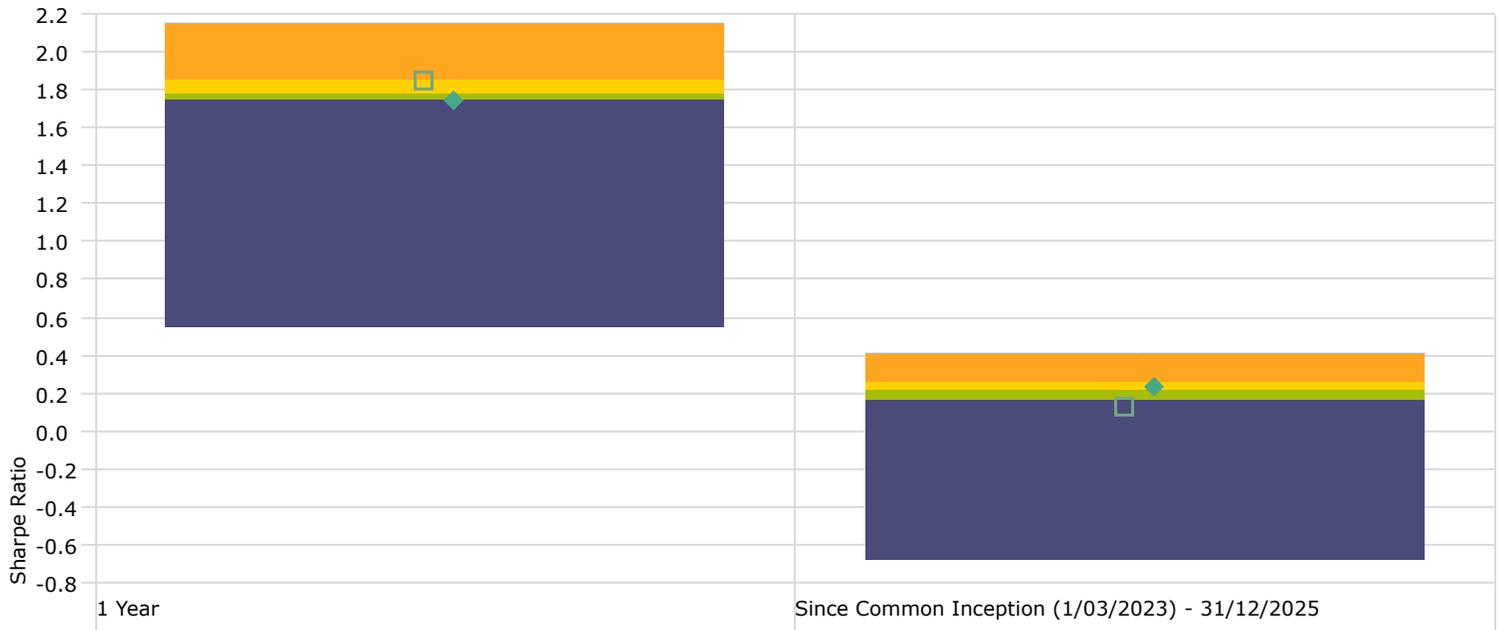
Sharpe Ratio Relative to Peer Group - Moderately Conservative

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

■ Top Quartile
 ■ 2nd Quartile
 ■ 3rd Quartile
 ■ Bottom Quartile

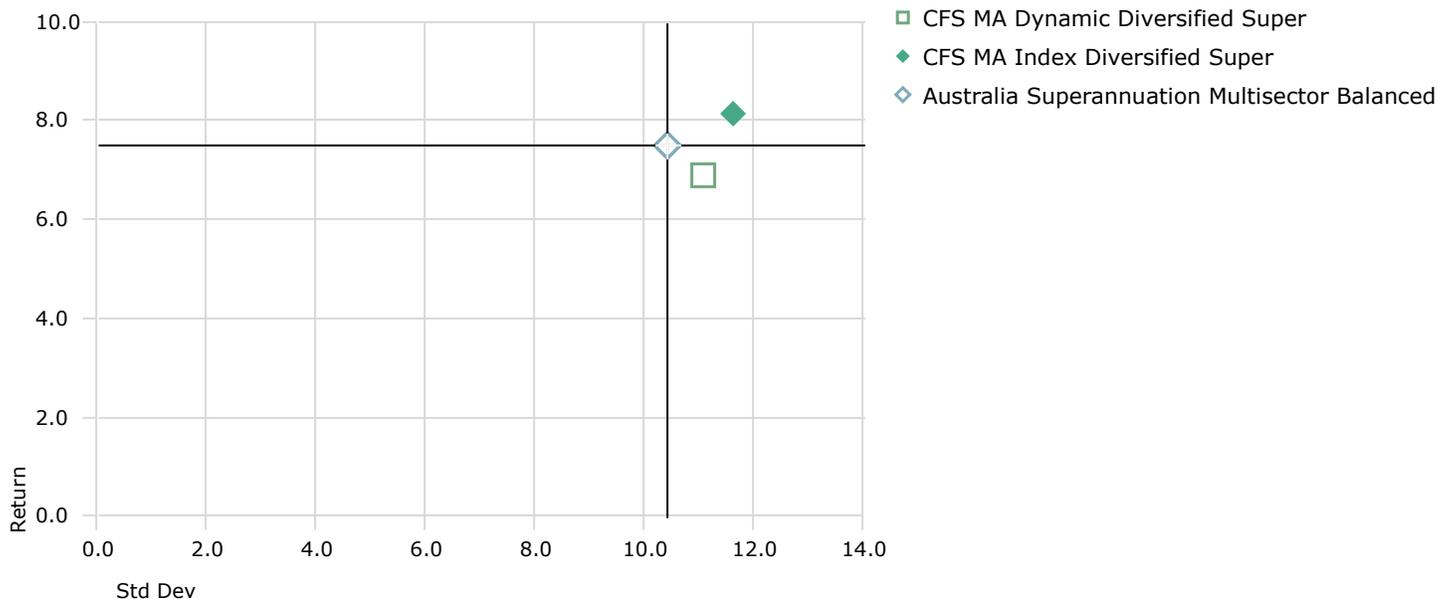
□ CFS MA Dynamic Diversified Super

◆ CFS MA Index Diversified Super



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Risk-Reward (Since common inception)



CFS AZ Sestante Quarterly Report

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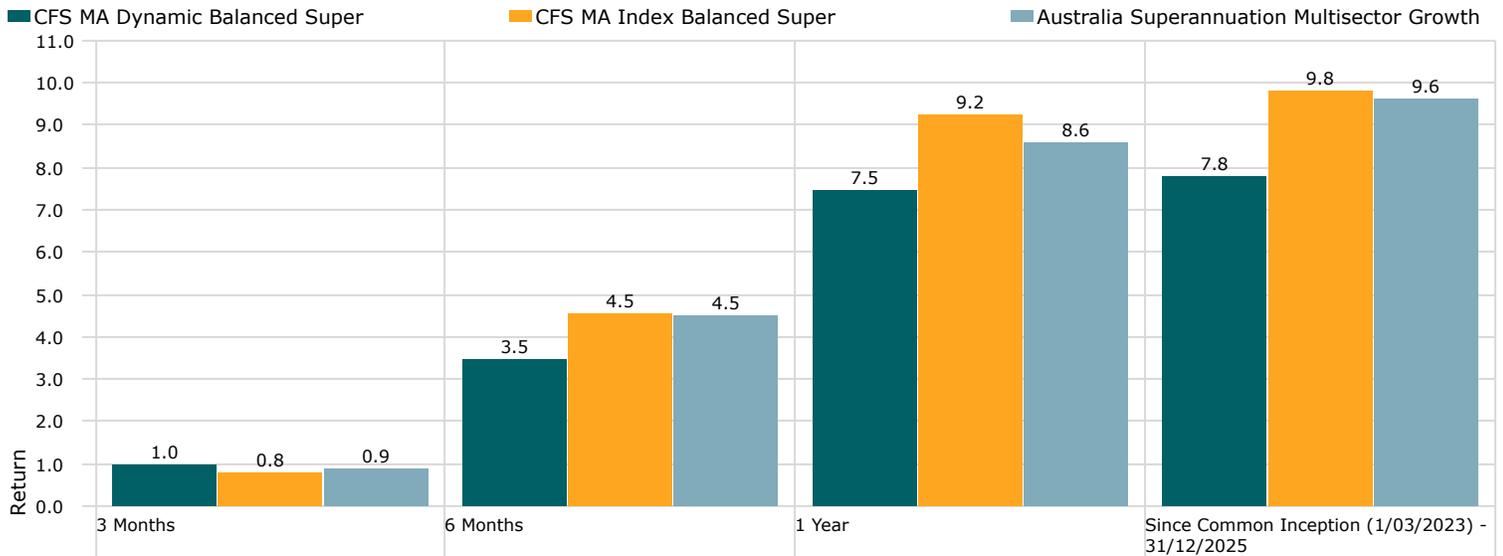
Peer Group Returns

Multisector Growth Category



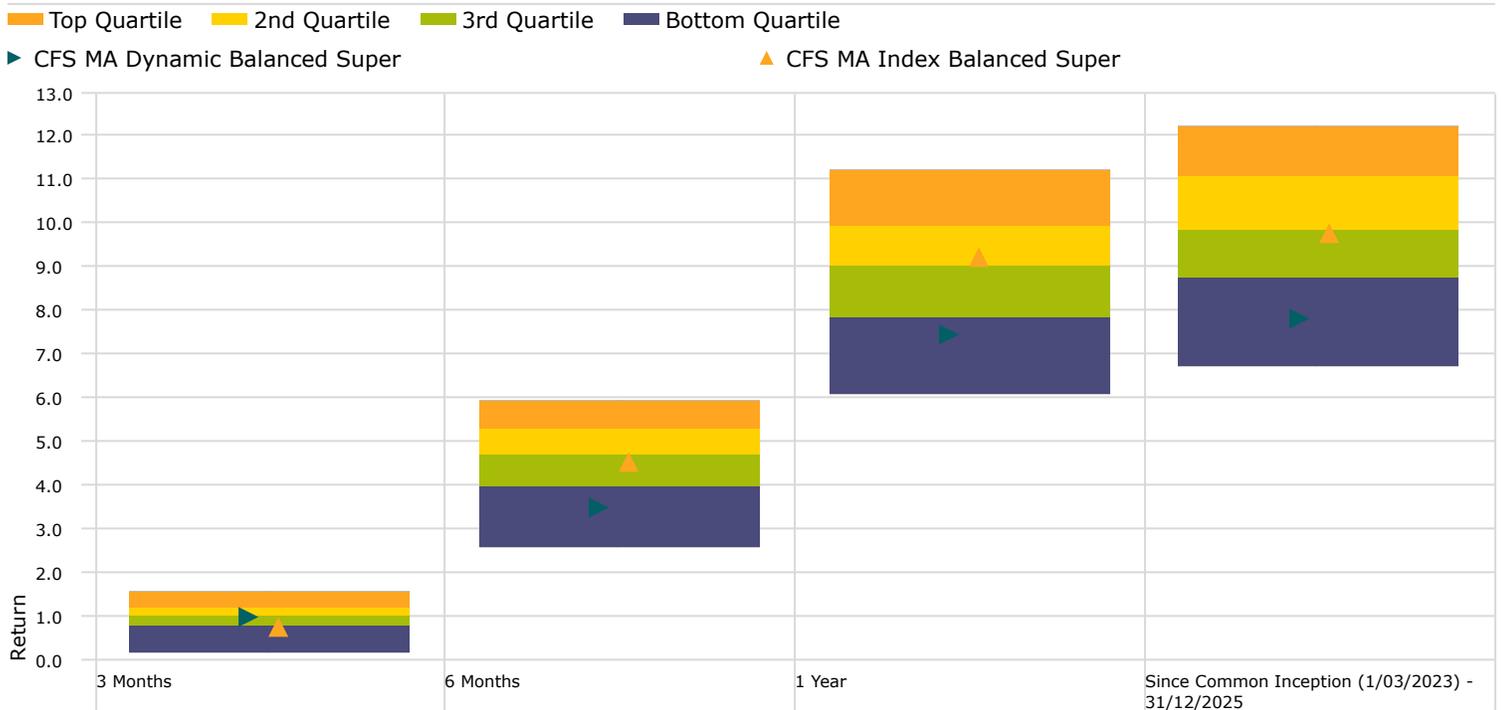
This part of the report aims to provide investors an effective way to compare the CFS AZ Sestante portfolios with like options. The Multisector Growth Category consists of funds that invest in a number of sectors and have between 61% and 80% of their investments exposed to the growth sectors.

Sestante Balanced Portfolios vs Morningstar Peers



Sestante Balanced Performance Relative to Peer Group

Peer Group (5-95%): Insurance and Pension Funds - Australia - Superannuation - Multisector Growth



CFS AZ Sestante Quarterly Report

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Peer Group Returns

Multisector Growth Category



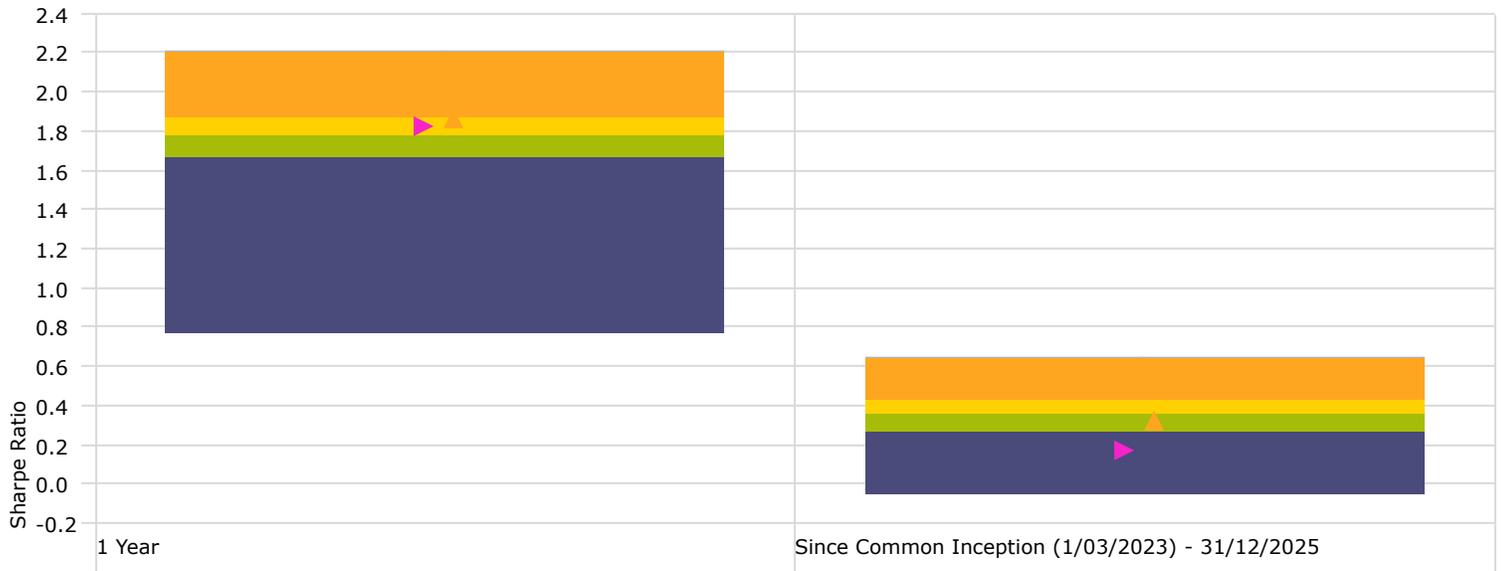
Sharpe Ratio Relative to Peer Group - Balanced

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

■ Top Quartile
 ■ 2nd Quartile
 ■ 3rd Quartile
 ■ Bottom Quartile

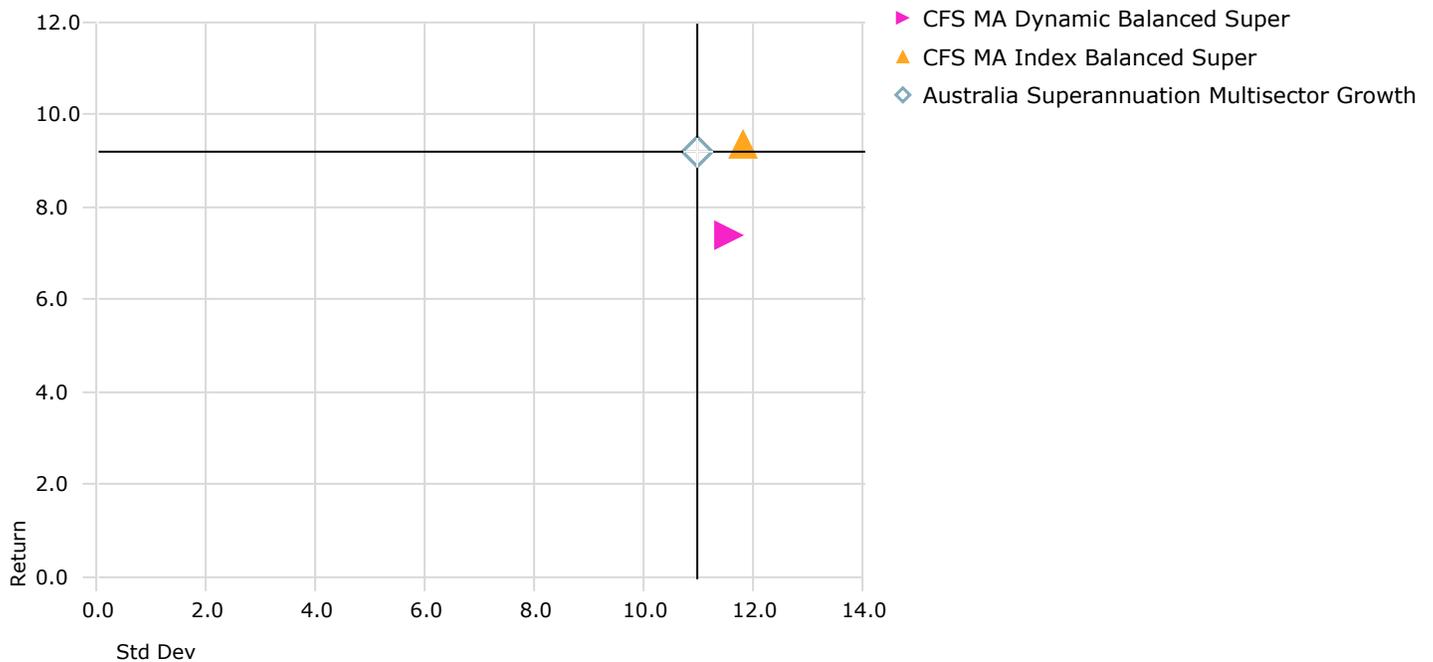
▶ CFS MA Dynamic Balanced Super

▲ CFS MA Index Balanced 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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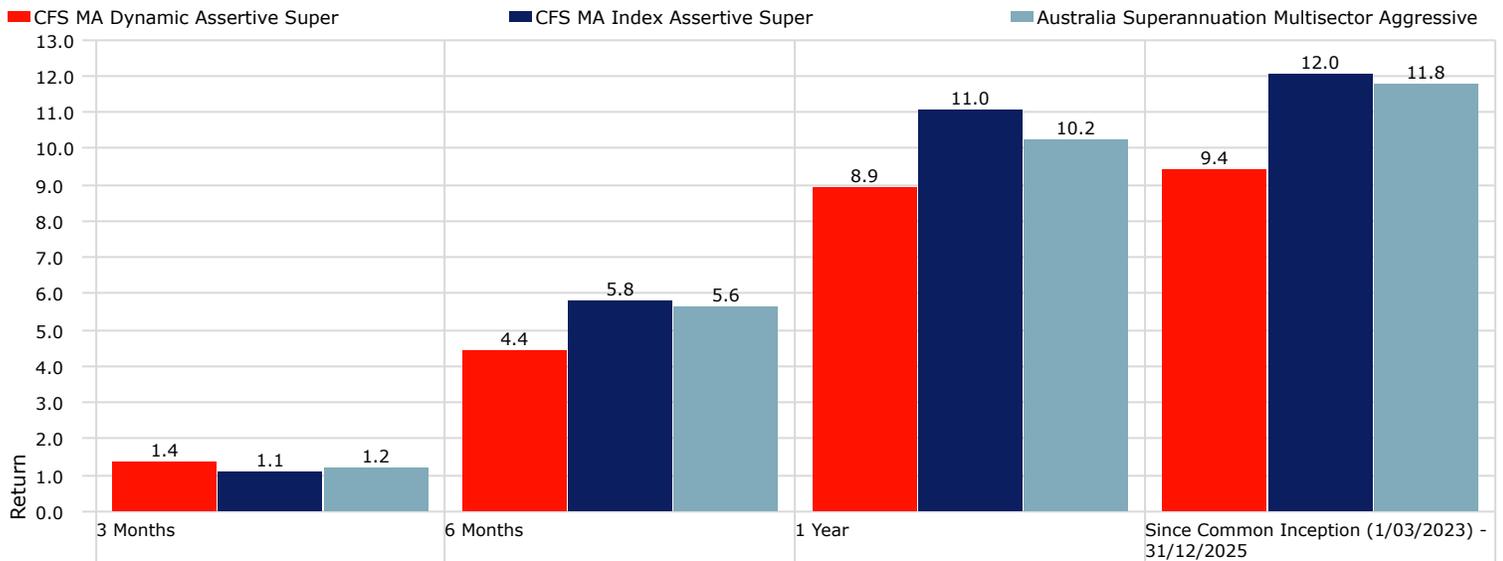
Peer Group Returns

Multisector Aggressive Category



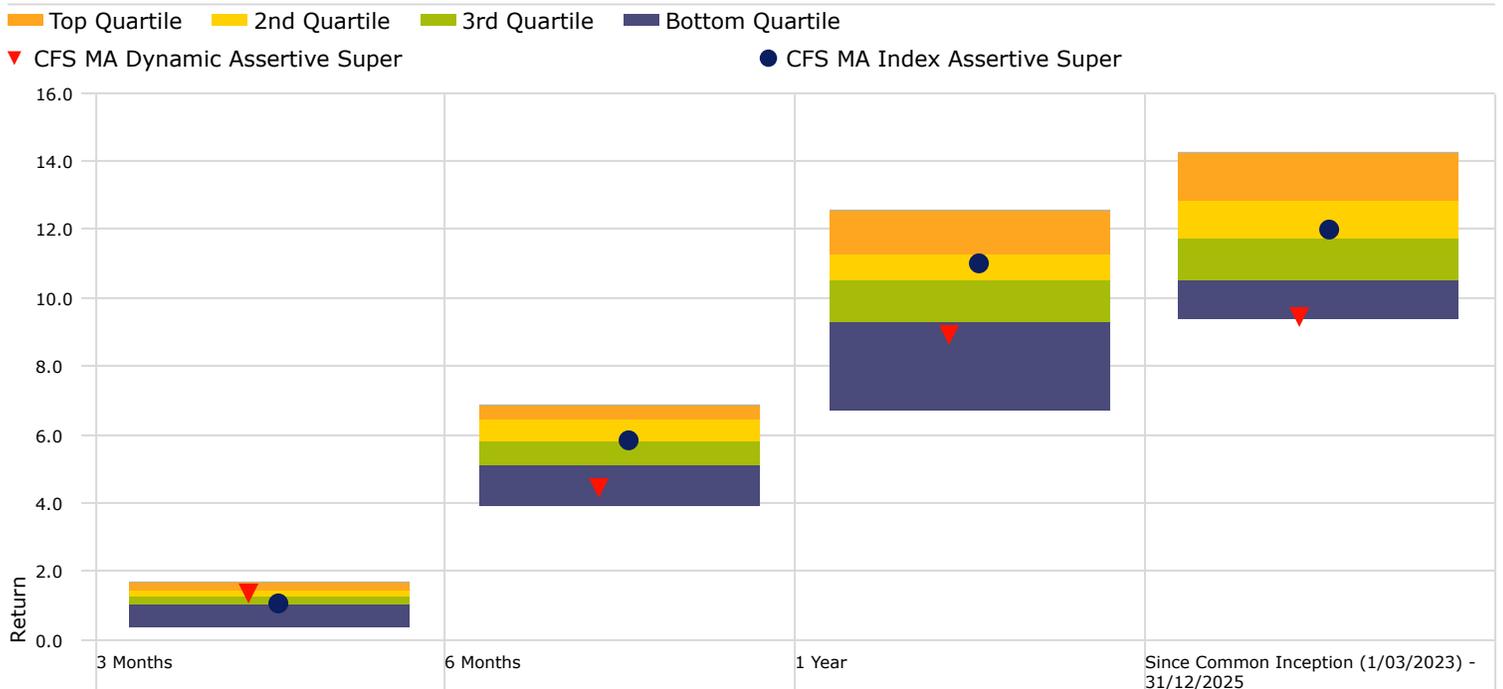
This part of the report aims to provide investors an effective way to compare the CFS AZ Sestante portfolios with like options. Multisector Aggressive funds invest in a number of sectors and have over 80% of their assets in growth sectors.

Sestante Assertive Portfolios vs Morningstar Peers



Sestante Assertive Performance Relative to Peer Group

Peer Group (5-95%): Insurance and Pension Funds - Australia - Superannuation - Multisector Aggressive



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Peer Group Returns

Multisector Aggressive Category



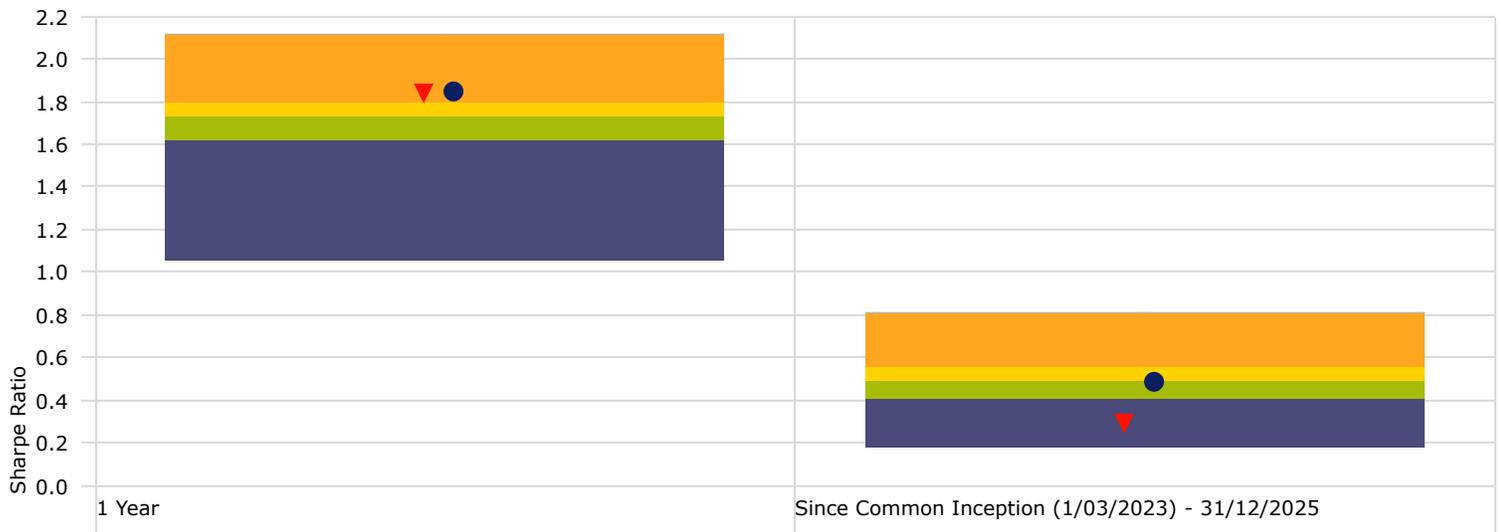
Sharpe Ratio Relative to Peer Group - Assertive

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

■ Top Quartile
 ■ 2nd Quartile
 ■ 3rd Quartile
 ■ Bottom Quartile

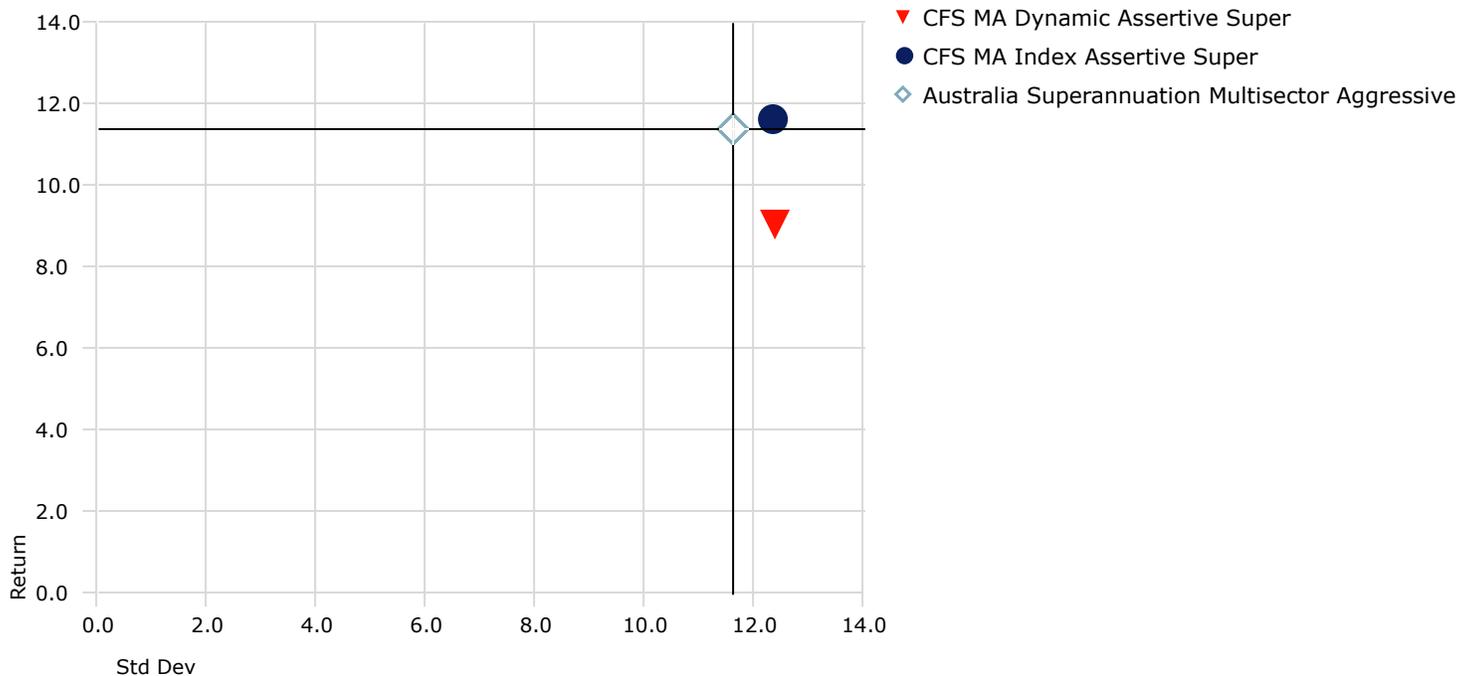
▼ CFS MA Dynamic Assertive Super

● CFS MA Index Assertive 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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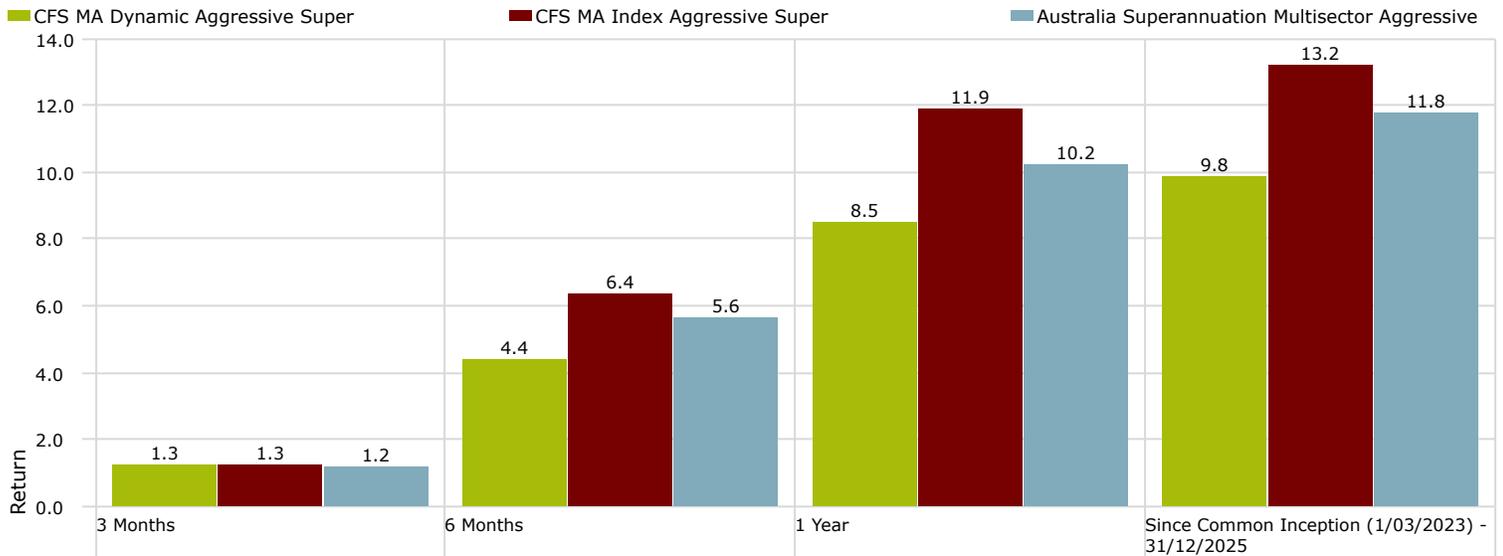
Peer Group Returns

Multisector Aggressive Category



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Sestante Aggressive Portfolios vs Morningstar Peers



Sestante Aggressive Performance Relative to Peer Group

Peer Group (5-95%): Funds - Australia - Multisector Aggressive



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Peer Group Returns

Multisector Aggressive Category



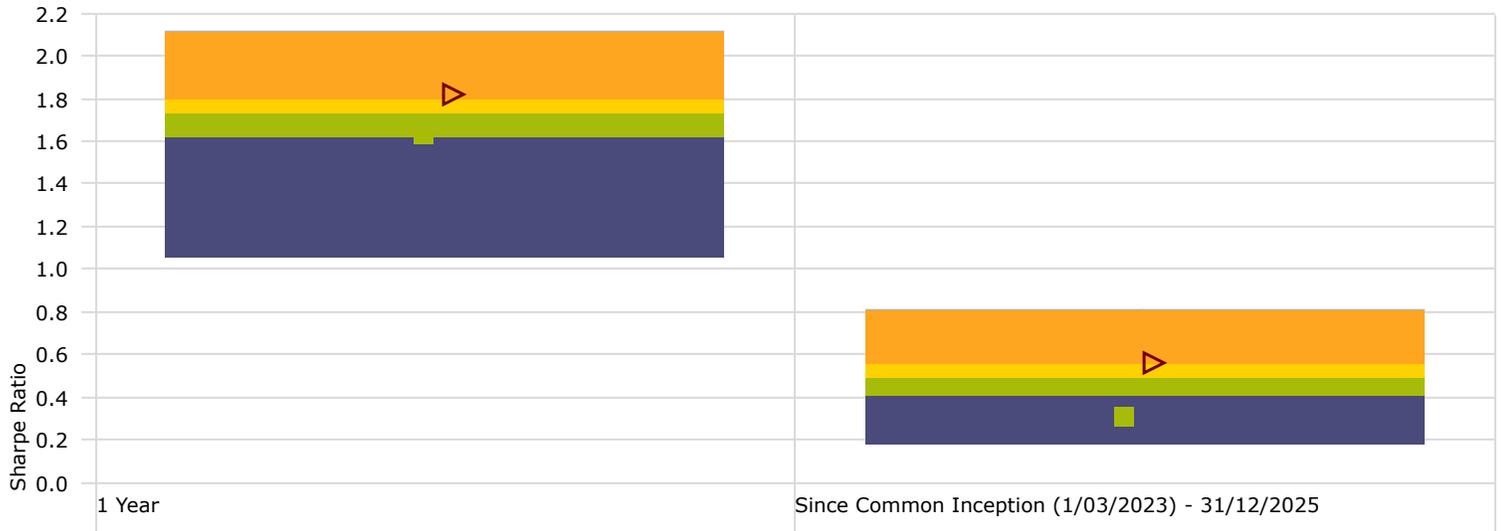
Sharpe Ratio Relative to Peer Group - Aggressive

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

■ Top Quartile
 ■ 2nd Quartile
 ■ 3rd Quartile
 ■ Bottom Quartile

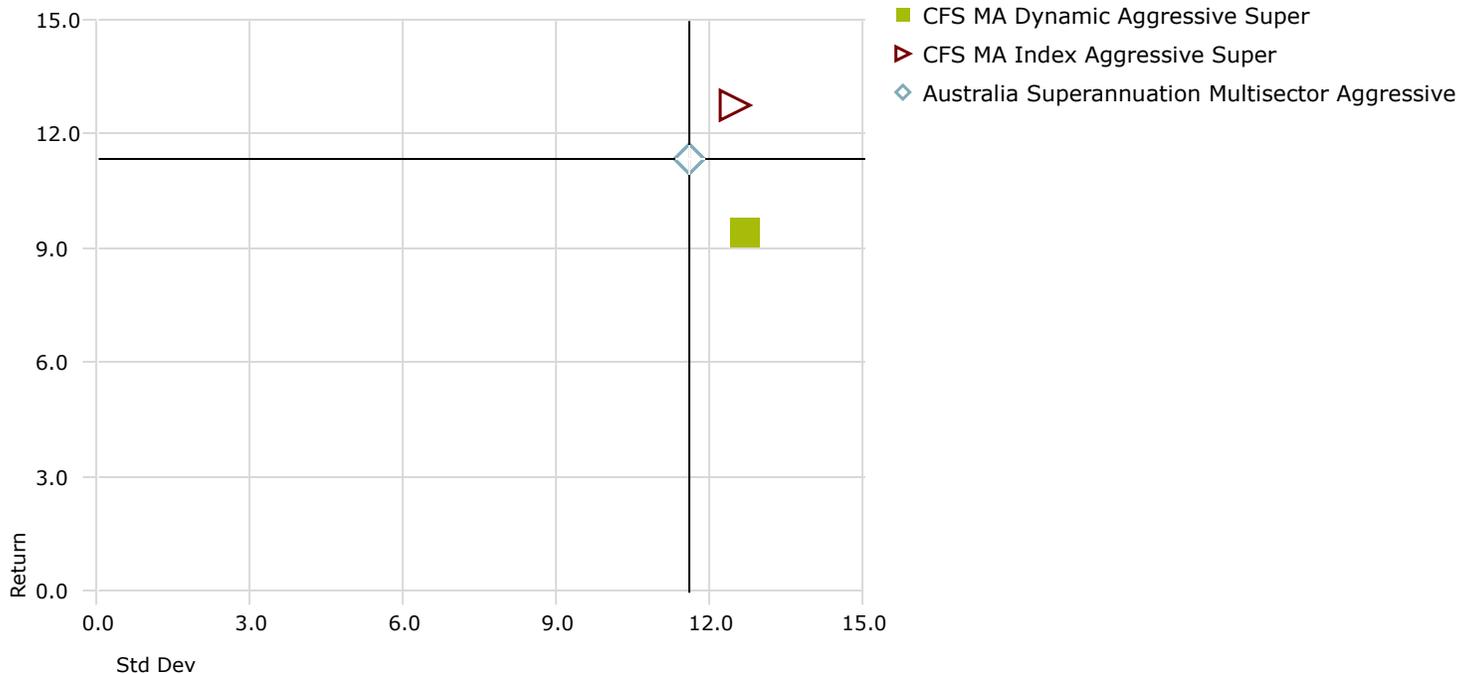
■ CFS MA Dynamic Aggressive Super

▷ 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)



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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