

# Sestante Dynamic Moderately Conservative Portfolio

## Monthly Investment Report

As of 31/05/2026

### Latest performance\*

	1-mth	3-mths	1-yr	3-yr	5-yr	Inception
Sestante Dynamic Mod Con	1.44	-0.46	6.27	8.33	4.75	5.34
RBA Cash Rate + 2.5% p.a.	0.58	1.69	6.52	6.86	5.69	4.88

### Market Review

Global financial markets continued their recovery in May, supported by strong corporate earnings and growing optimism that tensions in the Middle East may gradually ease. Despite ongoing geopolitical risks, investors remained focused on earnings growth and continued momentum in artificial intelligence (AI)-related sectors, helping equities advance across most major markets.

The United States again led global performance. The S&P 500 rose approximately 5.3% during the month, while the Nasdaq 100 gained more than 10%, reaching fresh record highs. Strong first-quarter earnings were a key driver, with more than 80% of companies exceeding expectations. Continued investment in AI infrastructure, semiconductors, cloud computing and data centres remained a dominant market theme, supporting technology shares and reinforcing confidence in future profit growth. The broader market also benefited from resilient corporate balance sheets and improving investor sentiment.

Market leadership remained narrow. Technology significantly outperformed most other sectors, while defensive areas such as utilities, consumer staples and energy lagged. Semiconductor companies were among the strongest performers globally, as investors increased exposure to businesses expected to benefit from long-term AI adoption. Growth stocks continued to outperform value-oriented sectors as capital flowed toward companies perceived to have the greatest earnings potential.

Outside the US, returns were generally positive. European equities advanced by around 4%, supported by improving earnings expectations and resilience in technology and consumer discretionary sectors. The UK market posted more modest gains, while Japan was one of the standout performers globally, with the Nikkei 225 rising close to 12% as strong earnings, a weaker yen and continued foreign investor inflows supported sentiment.

Emerging markets outperformed developed markets, led by Taiwan and South Korea. Both markets benefited from their significant exposure to semiconductor manufacturers and AI supply chains. Taiwan reached new highs during the month as demand for AI-related hardware remained strong.

Commodity markets were mixed. Oil prices fell sharply as fears of prolonged disruption to energy supplies eased, helping alleviate inflation concerns. Industrial metals remained supported by demand linked to data centres, electrification and renewable energy investment, while gold continued to attract interest amid geopolitical uncertainty.

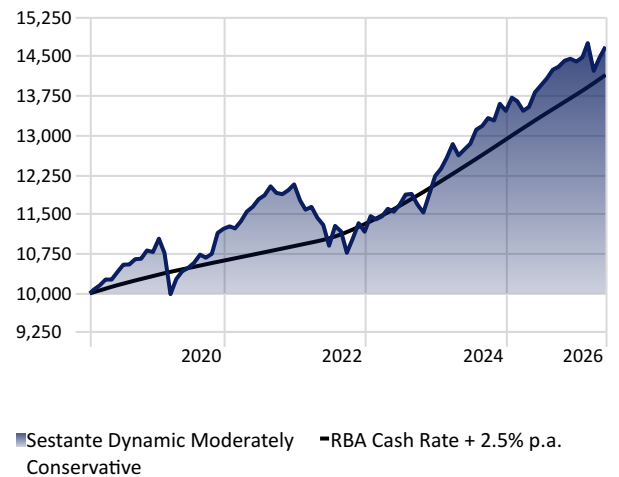
Australian markets also moved higher, although gains lagged many overseas markets. The S&P/ASX 300 Accumulation Index rose around 1.3%, while Australian small companies gained approximately 2.0%. Investor sentiment remained constrained by inflation concerns and the possibility of further Reserve Bank policy tightening. Australian bond yields declined later in the month, providing some support to local assets and fixed income markets. Globally, government bond yields remained volatile as investors balanced resilient growth against inflation risks. Corporate bonds generally outperformed government bonds, supported by improving risk sentiment and solid corporate fundamentals.

Overall, strong earnings growth and AI investment continue to support markets, although elevated valuations and geopolitical risks warrant caution.

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 +2.5% per annum over rolling 5-year periods after fees.
- Asset Class: Diversified
- 45% Growth / 55% Defensive Split
- Portfolio Inception Date: 7 February 2019

