AZ Sestante Quarterly Report
As of 30/06/2026
Market Review

Market Review

Global financial markets delivered exceptionally strong returns during the second quarter of 2026, supported by improving investor sentiment, easing geopolitical tensions and renewed enthusiasm for artificial intelligence related investment themes. While conflict in the Middle East created periods of volatility, the announcement of a ceasefire framework between the United States and Iran helped reduce concerns over energy supply disruptions, contributing to a sharp decline in oil prices and a more constructive backdrop for risk assets.

Equity markets were the primary beneficiaries of this improving environment. Global shares produced double-digit gains as investors increasingly focused on the significant capital expenditure being directed towards AI infrastructure, data centres, semiconductors and cloud computing. Corporate earnings generally exceeded expectations, particularly in technology-related industries, reinforcing confidence that the AI investment cycle remains a powerful driver of global growth.

The strongest performance came from Asia and emerging markets, particularly South Korea and Taiwan, where semiconductor manufacturers and technology hardware companies benefited from surging demand linked to AI development. These markets significantly outperformed broader global indices, while emerging markets recorded their strongest quarterly result since 2009. Japan also delivered robust gains, supported by a weaker currency, improving corporate earnings and continued strength in technology and financial sectors.

In the United States, equities recorded one of their best quarters in recent years. Technology stocks led the advance, although gains broadened towards the end of the period as investors became more confident in the outlook for economic growth and corporate profitability. European equities also performed strongly as economic activity stabilised and investor confidence improved.

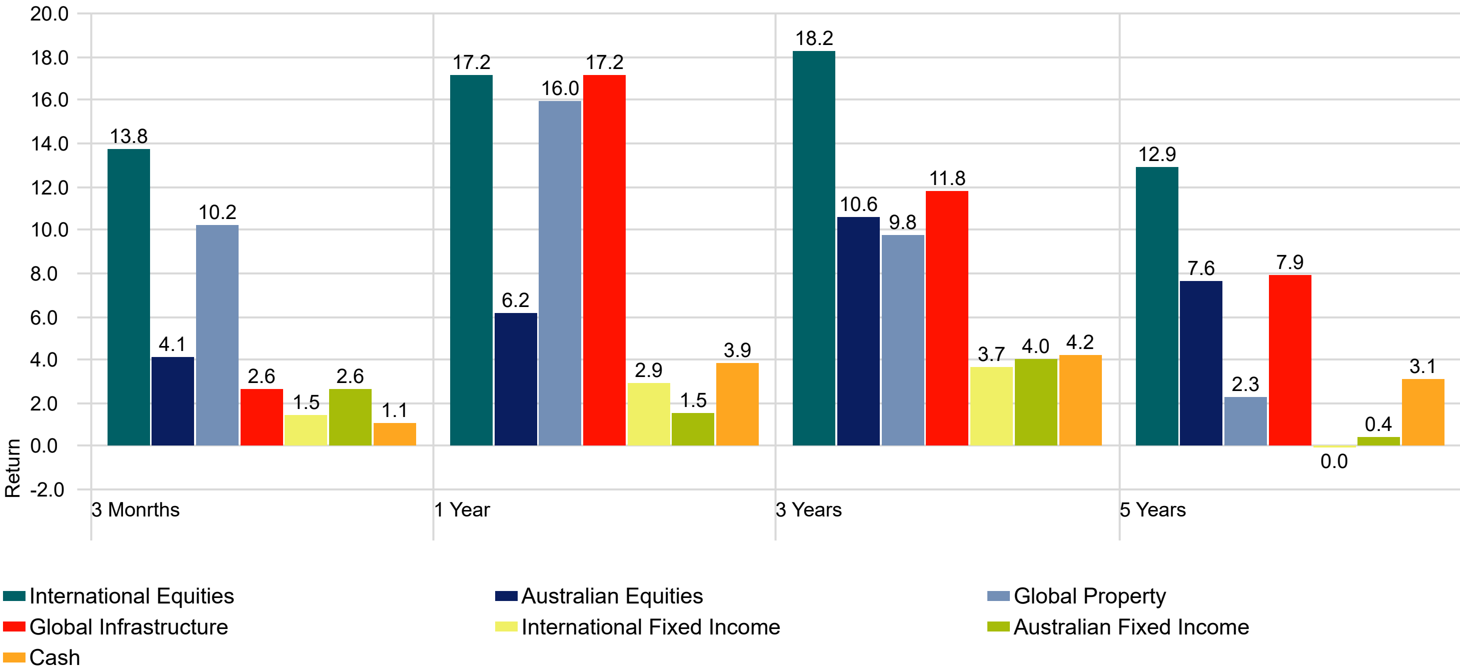
Bond market performance was more mixed. Investors weighed the inflationary impact of earlier energy price increases against signs of moderating economic growth. Major central banks generally maintained a cautious stance, with policy rates remaining elevated. Corporate bonds performed well as credit spreads tightened and company fundamentals remained resilient.

Commodity markets were among the weakest asset classes during the quarter. Oil prices fell sharply as geopolitical tensions eased, while gold and other precious metals retreated as investor demand for safe-haven assets declined. Industrial metals were more resilient, supported by ongoing infrastructure spending and strong demand from AI-related industries.

Overall, the quarter was characterised by a powerful recovery in risk appetite, driven by improving geopolitical conditions, resilient economic activity and continued confidence in the long-term growth potential of AI-related investment opportunities.

Returns

As of Date: 30/06/2026



*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 +3.42% return for the quarter, significantly outperforming its cash +2.0% (annual) benchmark. Australian equities were modestly positive from an attribution perspective. The Yarra Ex-20 Australian Equities Fund and the Paradice Australian Equities Fund both added value relative to the benchmark, however this was partially offset by weaker performance from the Schroder Australian Equity Fund. The portfolio's modest underweight to Australian equities contributed positively overall.

International equities were the largest detractor from relative performance. While the Pendal Global Emerging Markets Opportunities Fund, Vanguard All-World ex-US Shares ETF, Vanguard MSCI International ETF and Vanguard MSCI International (Hedged) ETF all performed well, these gains were more than offset by significant underperformance from the Ironbark Brown Advisory Global Share Fund and the GQG Partners Global Equity Fund, which were the largest detractors within the asset class.

Within Fixed Income, results were good, with the PIMCO Global Bond Fund and the Macquarie Dynamic Bond Fund both adding value above the Global Aggregate index. Australian fixed income also performed well, with the Western Asset Australian Bond Trust and the Yarra Australian Bond Fund both delivering modest positive attribution, while the Janus Henderson Tactical Income Fund detracted marginally from relative performance.

Index Portfolio

The Index portfolio delivered a +4.30% return, outperforming its cash + 2.5% (annual) benchmark for the quarter. The best positive returns for the quarter were produced by the Vanguard Emerging Markets Shares Index and the iShares S&P 500 AUD Hedged ETF, which returned 22.4% and 14.3% respectively. Strong gains were also generated by the iShares S&P 500 ETF and the Vanguard All-World ex-US Shares ETF, highlighting the broad-based recovery across global equity markets during the period.

Moderately Conservative Profile

Dynamic Portfolio

The Dynamic portfolio recorded a +4.63% return for the quarter, significantly outperforming its cash +2.5% (annual) benchmark. Australian equities were modestly positive from an attribution perspective. The Yarra Ex-20 Australian Equities Fund and the Paradice Australian Equities Fund both added value relative to the benchmark, however this was partially offset by weaker performance from the Schroder Australian Equity Fund. The portfolio's modest underweight to Australian equities contributed positively overall.

International equities were the largest detractor from relative performance. While the Pendal Global Emerging Markets Opportunities Fund, Vanguard All-World ex-US Shares ETF, Vanguard MSCI International ETF and Vanguard MSCI International (Hedged) ETF all performed well, these gains were more than offset by significant underperformance from the Ironbark Brown Advisory Global Share Fund and the GQG Partners Global Equity Fund, which were the largest detractors within the asset class.

Global Property performed well, with the VanEck FTSE International Property (AUD Hedged) ETF contributing positively to portfolio returns.

Within Fixed Income, results were good, with the PIMCO Global Bond Fund and the Macquarie Dynamic Bond Fund both adding value above the Global Aggregate index. Australian fixed income also performed well, with the Western Asset Australian Bond Trust and the Yarra Australian Bond Fund both delivering modest positive attribution, while the Janus Henderson Tactical Income Fund detracted marginally from relative performance.

Index Portfolio

The Index portfolio delivered a +5.93% return, outperforming its cash + 2.0% (annual) benchmark for the quarter. The best positive returns for the quarter were produced by the Vanguard Emerging Markets Shares Index and the iShares S&P 500 AUD Hedged ETF, which returned 22.4% and 14.3% respectively. Strong gains were also generated by the iShares S&P 500 ETF and the Vanguard All-World ex-US Shares ETF, highlighting the broad-based recovery across global equity markets during the period.

Source: Morningstar Direct

Balanced Profile

Dynamic Portfolio

The Dynamic portfolio recorded a +5.93% return for the quarter, significantly outperforming its cash +3.5% (annual) benchmark. Australian equities were modestly positive from an attribution perspective. The Yarra Ex-20 Australian Equities Fund and the Paradice Australian Equities Fund both added value relative to the benchmark, however this was partially offset by weaker performance from the Schroder Australian Equity Fund. The portfolio's modest underweight to Australian equities contributed positively overall.

International equities were the largest detractor from relative performance. While the Pendal Global Emerging Markets Opportunities Fund, Vanguard All-World ex-US Shares ETF, Vanguard MSCI International ETF and Vanguard MSCI International (Hedged) ETF all performed well, these gains were more than offset by significant underperformance from the Ironbark Brown Advisory Global Share Fund and the GQG Partners Global Equity Fund, which were the largest detractors within the asset class.

Global Property performed well, with the VanEck FTSE International Property (AUD Hedged) ETF contributing positively to portfolio returns.

Within Fixed Income, results were good, with the PIMCO Global Bond Fund and the Macquarie Dynamic Bond Fund both adding value above the Global Aggregate index. Australian fixed income also performed well, with the Western Asset Australian Bond Trust and the Yarra Australian Bond Fund both delivering modest positive attribution, while the Janus Henderson Tactical Income Fund detracted marginally from relative performance.

Index Portfolio

The Index portfolio delivered a +7.67% return, outperforming its cash + 2.5% (annual) benchmark for the quarter. The best positive returns for the quarter were produced by the Vanguard Emerging Markets Shares Index and the iShares S&P 500 AUD Hedged ETF, which returned 22.4% and 14.3% respectively. Strong gains were also generated by the iShares S&P 500 ETF and the Vanguard All-World ex-US Shares ETF, highlighting the broad-based recovery across global equity markets during the period.

Assertive Profile

Dynamic Portfolio

The Dynamic portfolio recorded a +6.82% return for the quarter, significantly outperforming its cash +4.5% (annual) benchmark. Australian equities were modestly positive from an attribution perspective. The Yarra Ex-20 Australian Equities Fund and the Paradice Australian Equities Fund both added value relative to the benchmark, however this was partially offset by weaker performance from the Schroder Australian Equity Fund. The portfolio's modest underweight to Australian equities contributed positively overall.

International equities were the largest detractor from relative performance. While the Pendal Global Emerging Markets Opportunities Fund, Vanguard All-World ex-US Shares ETF, Vanguard MSCI International ETF and Vanguard MSCI International (Hedged) ETF all performed well, these gains were more than offset by significant underperformance from the Ironbark Brown Advisory Global Share Fund and the GQG Partners Global Equity Fund, which were the largest detractors within the asset class.

Global Property performed well, with the VanEck FTSE International Property (AUD Hedged) ETF contributing positively to portfolio returns.

Within Fixed Income, results were good, with the PIMCO Global Bond Fund and the Macquarie Dynamic Bond Fund both adding value above the Global Aggregate index. Australian fixed income also performed well, with the Western Asset Australian Bond Trust and the Yarra Australian Bond Fund both delivering modest positive attribution, while the Janus Henderson Tactical Income Fund detracted marginally from relative performance.

Index Portfolio

The Index portfolio delivered a +9.17% return, outperforming its cash + 3.0% (annual) benchmark for the quarter. The best positive returns for the quarter were produced by the Vanguard Emerging Markets Shares Index and the iShares S&P 500 AUD Hedged ETF, which returned 22.4% and 14.3% respectively. Strong gains were also generated by the iShares S&P 500 ETF and the Vanguard All-World ex-US Shares ETF, highlighting the broad-based recovery across global equity markets during the period.

Source: Morningstar Direct

Aggressive Profile

Dynamic Portfolio

The Dynamic portfolio recorded a +7.36% return for the quarter, significantly outperforming its cash +5.0% (annual) benchmark. Australian equities were modestly positive from an attribution perspective. The Yarra Ex-20 Australian Equities Fund and the Paradice Australian Equities Fund both added value relative to the benchmark, however this was partially offset by weaker performance from the Schroder Australian Equity Fund. The portfolio's modest underweight to Australian equities contributed positively overall.

International equities were the largest detractor from relative performance. While the Pendal Global Emerging Markets Opportunities Fund, Vanguard All-World ex-US Shares ETF, Vanguard MSCI International ETF and Vanguard MSCI International (Hedged) ETF all performed well, these gains were more than offset by significant underperformance from the Ironbark Brown Advisory Global Share Fund and the GQG Partners Global Equity Fund, which were the largest detractors within the asset class.

Global Property performed well, with the VanEck FTSE International Property (AUD Hedged) ETF contributing positively to portfolio returns.

Index Portfolio

The Index portfolio delivered a +9.96% return, outperforming its cash + 4.5% (annual) benchmark for the quarter. The best positive returns for the quarter were produced by the Vanguard Emerging Markets Shares Index and the iShares S&P 500 AUD Hedged ETF, which returned 22.4% and 14.3% respectively. Strong gains were also generated by the iShares S&P 500 ETF and the Vanguard All-World ex-US Shares ETF, highlighting the broad-based recovery across global equity markets during the period.

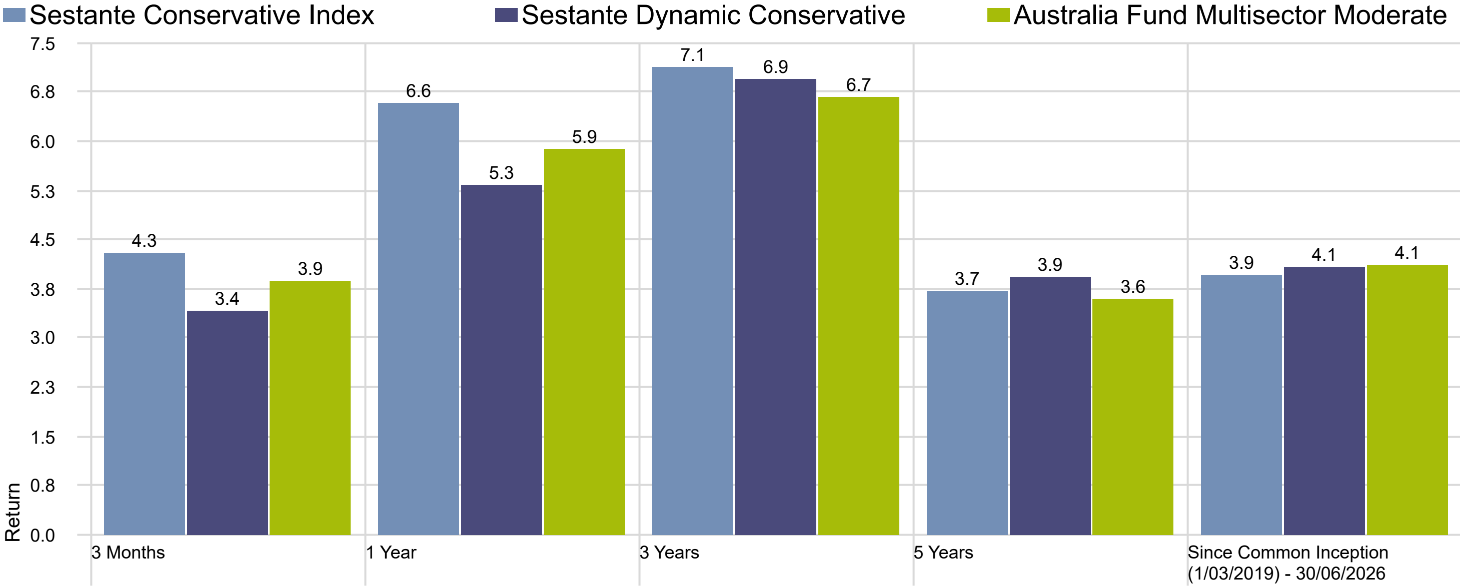
Source: Morningstar Direct

AZ Sestante Quarterly Report

As of 30/06/2026
Peer Group Returns
Multisector Moderate Category

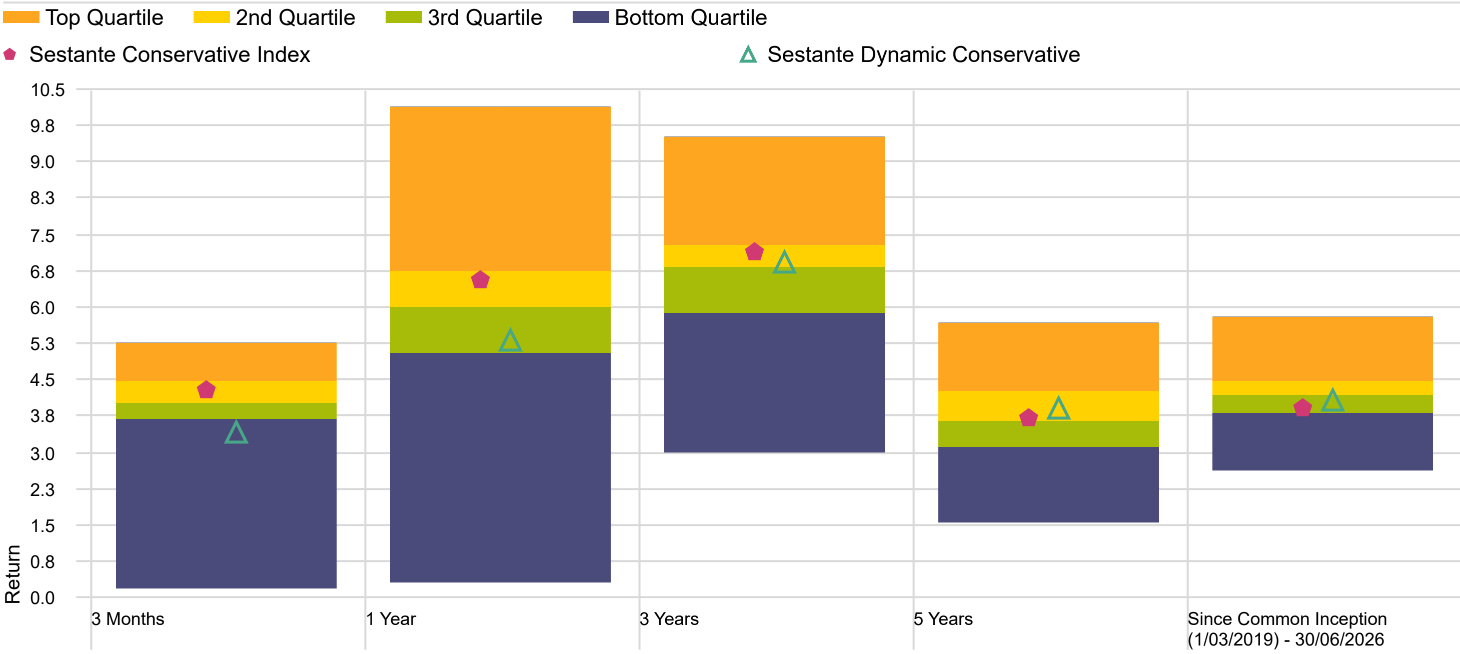
This part of the report aims to provide investors an effective way to compare the AZ Sestante portfolios with like options. The Multisector Moderate Category consists of funds that invest in a number of sectors and have between 21% and 40% of their investments exposed to the growth sectors.

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 30/06/2026
Peer Group Returns
Multisector Moderate Category

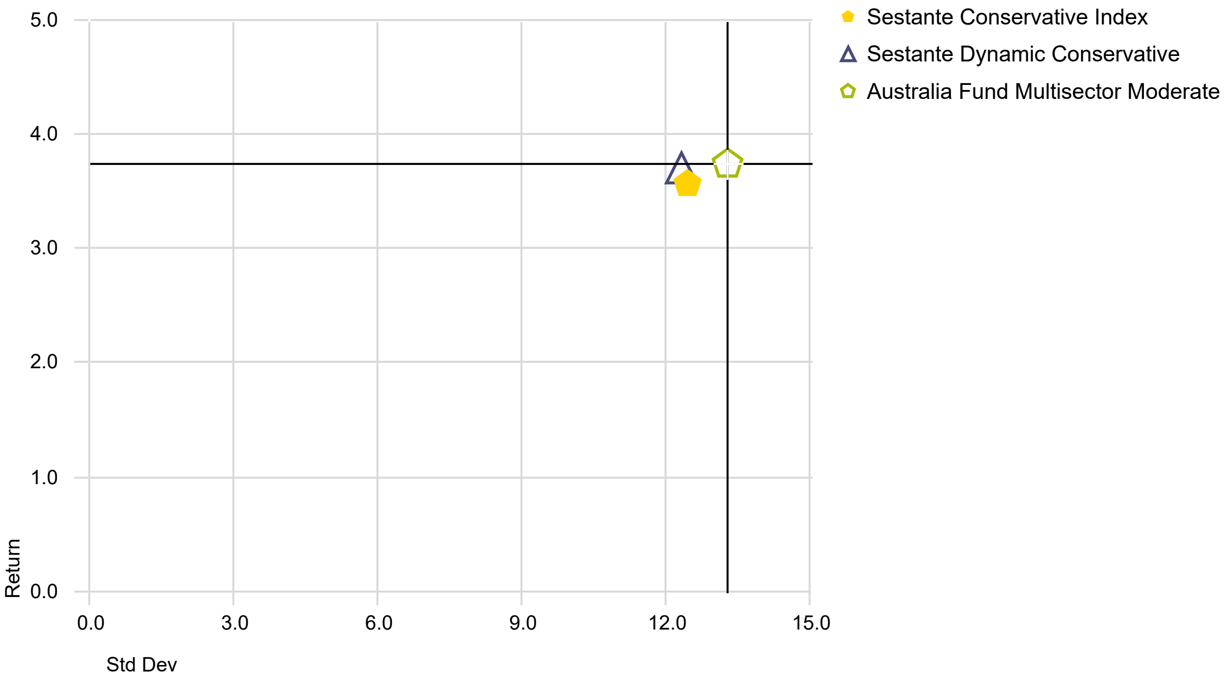
Sharpe Ratio Relative to Peer Group - Conservative

Peer Group (5-95%): 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)

Time Period: Since Common Inception (1/03/2019) to 30/06/2026

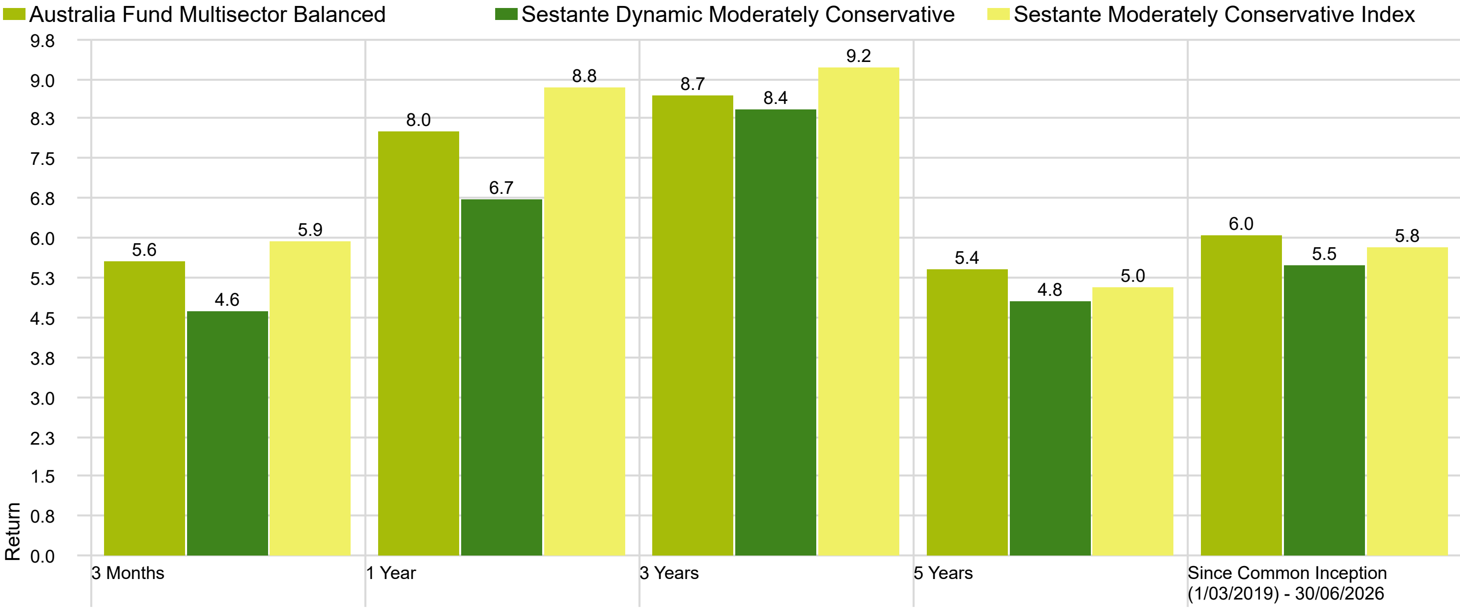


Source: Morningstar Direct

Peer Group Returns
Multisector Balanced Category

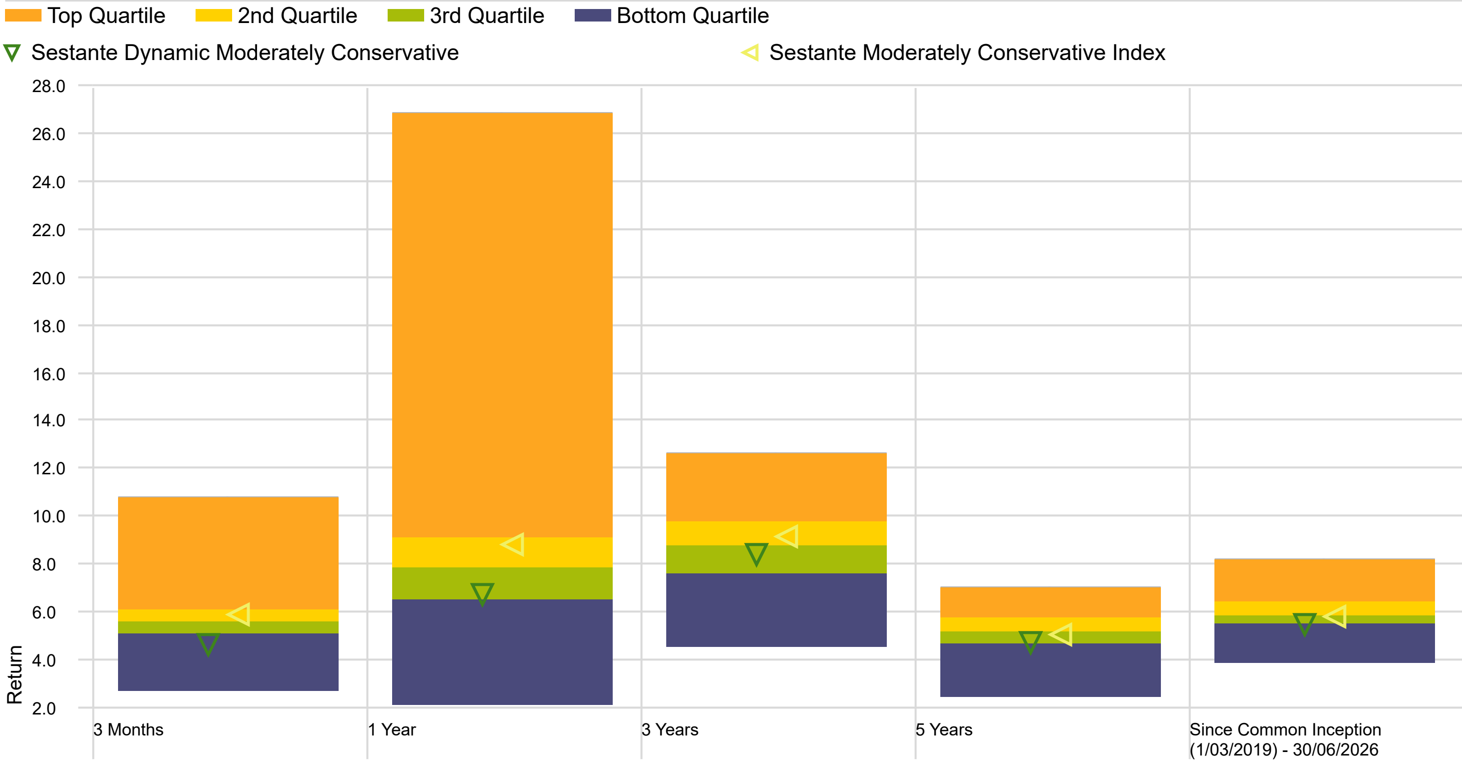
This part of the report aims to provide investors an effective way to compare the AZ Sestante portfolios with like options. The Multisector Balanced Category consists of funds that invest in a number of sectors and have between 41% and 60% of their investments exposed to the growth sectors.

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

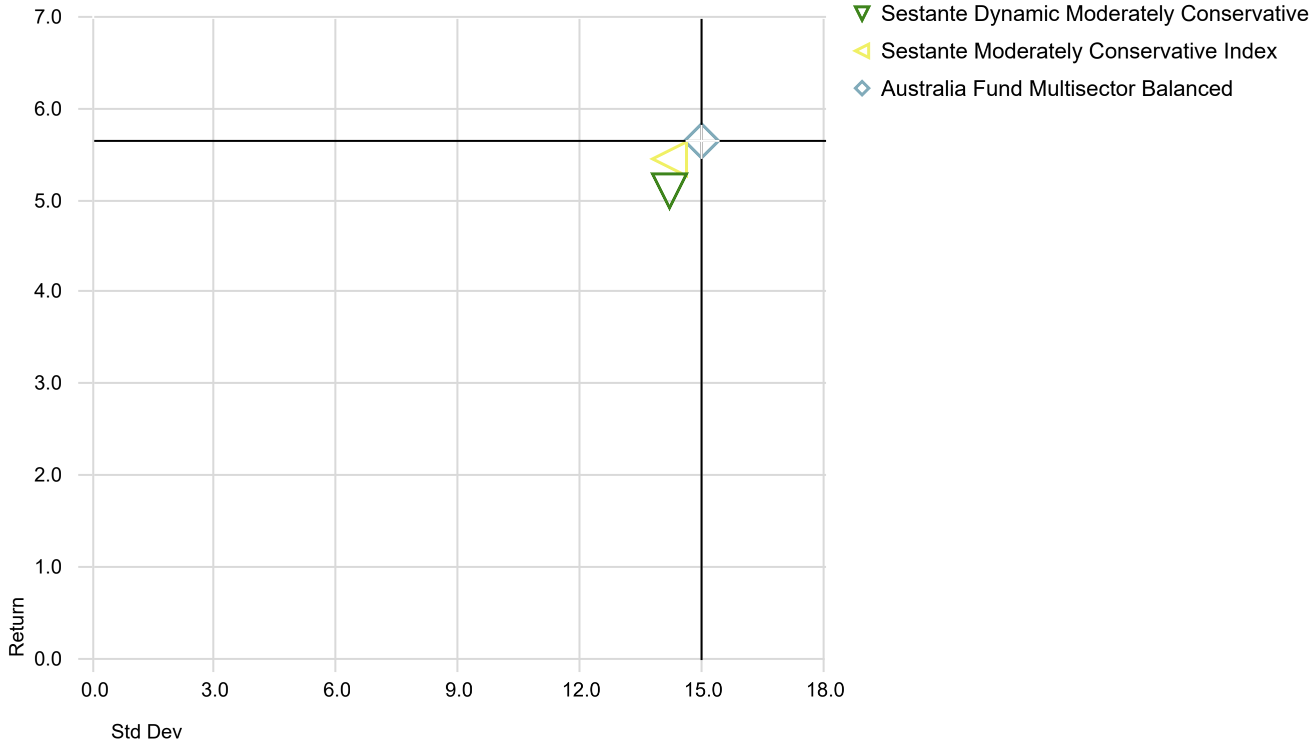
Sharpe Ratio Relative to Peer Group - Moderately Conservative

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)

Time Period: Since Common Inception (1/03/2019) to 30/06/2026

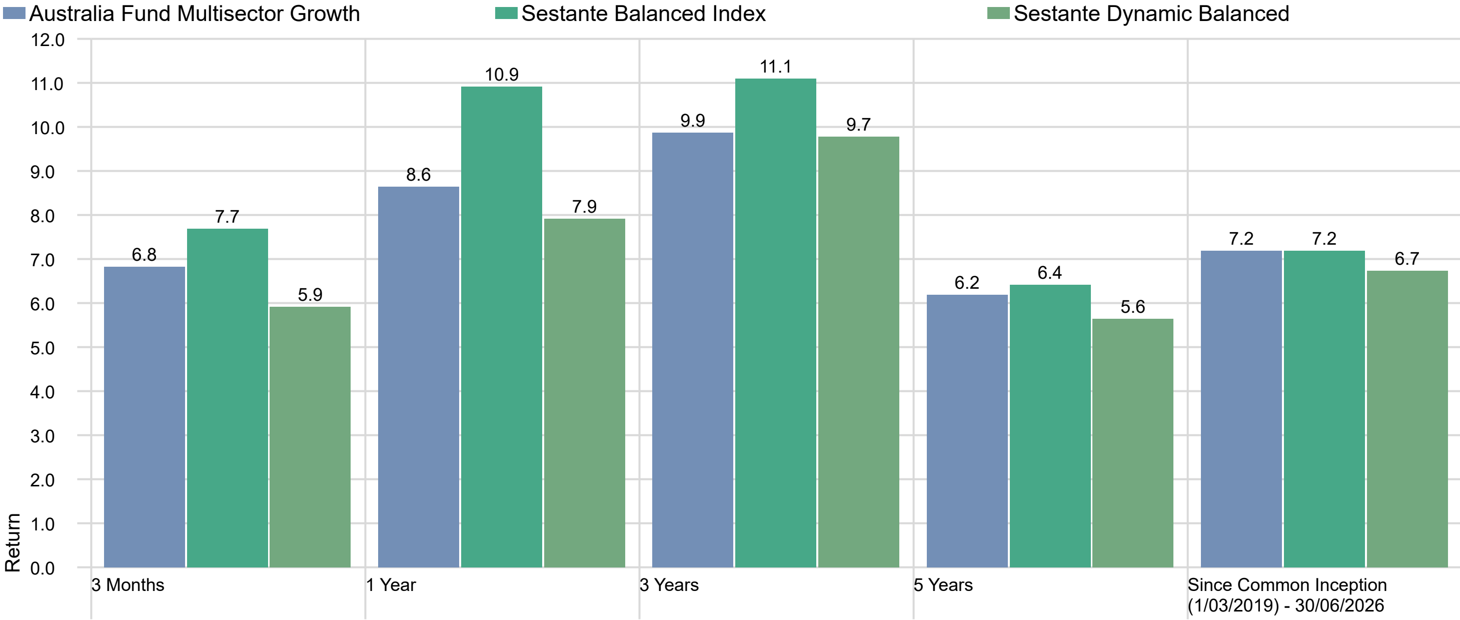


Source: Morningstar Direct

AZ Sestante Quarterly Report
As of 30/06/2026
Peer Group Returns
Multisector Growth Category

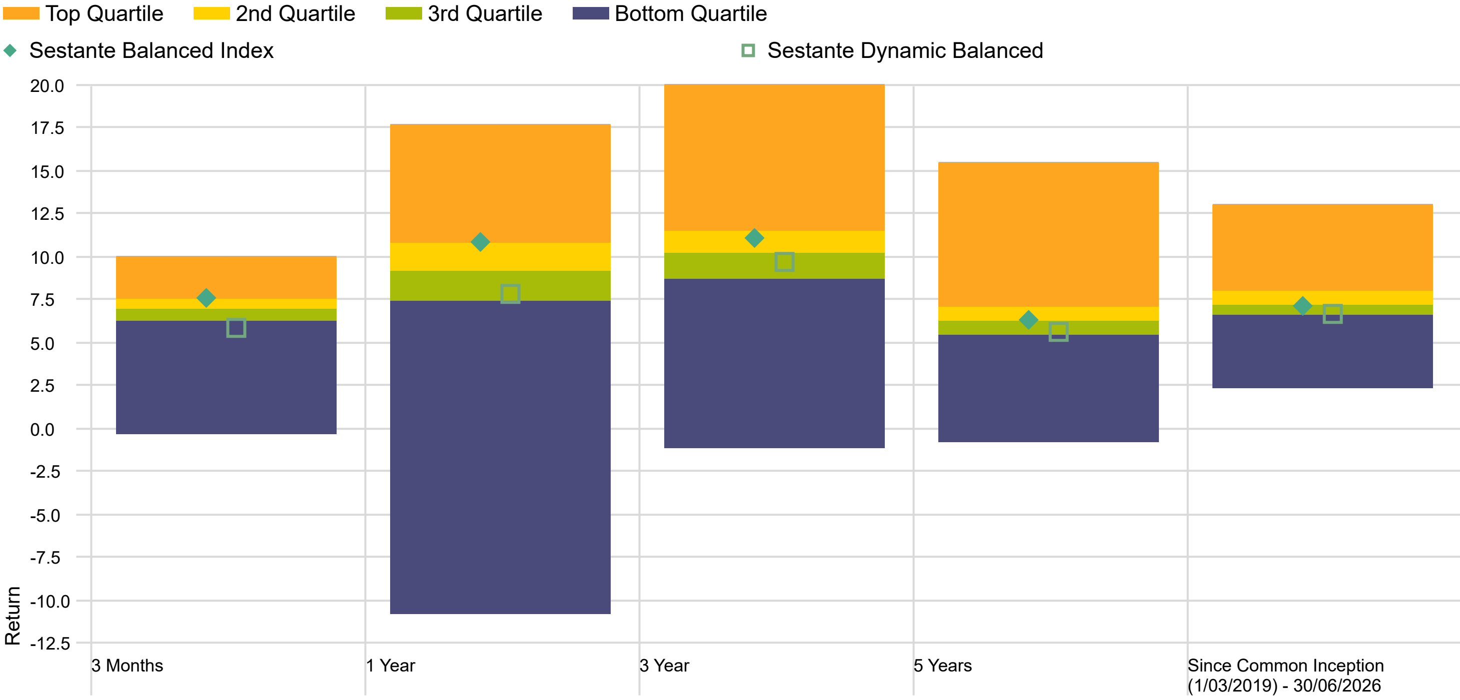
This part of the report aims to provide investors an effective way to compare the AZ Sestante portfolios with like options. The Multisector Growth Category consists of funds that invest in a number of sectors and have between 61% and 80% of their investments exposed to the growth sectors.

Sestante Balanced Portfolios vs Morningstar Peers



Sestante Balanced Performance Relative to Peer Group

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

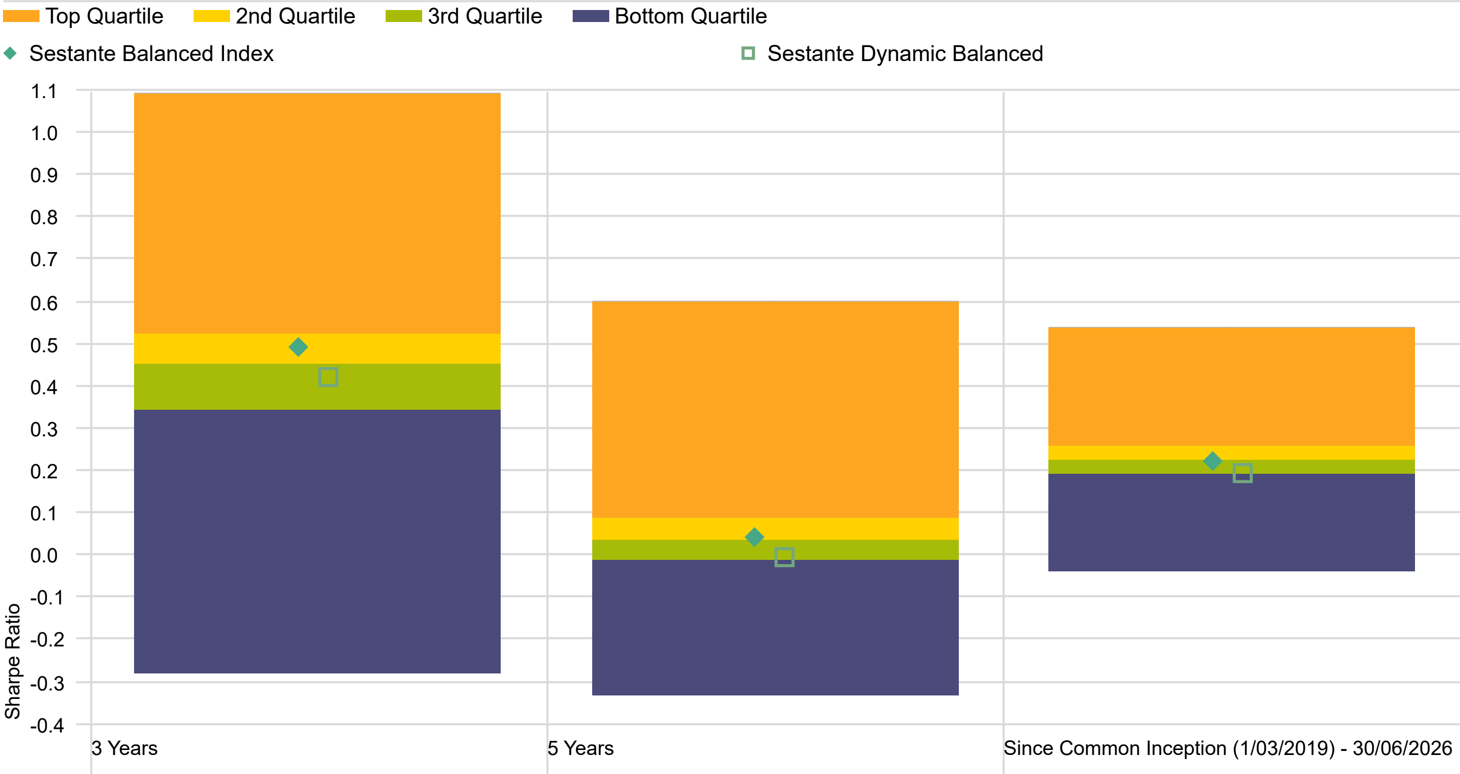


Source: Morningstar Direct

AZ Sestante Quarterly Report
As of 30/06/2026
Peer Group Returns
Multisector Growth Category

Sharpe Ratio Relative to Peer Group - Balanced

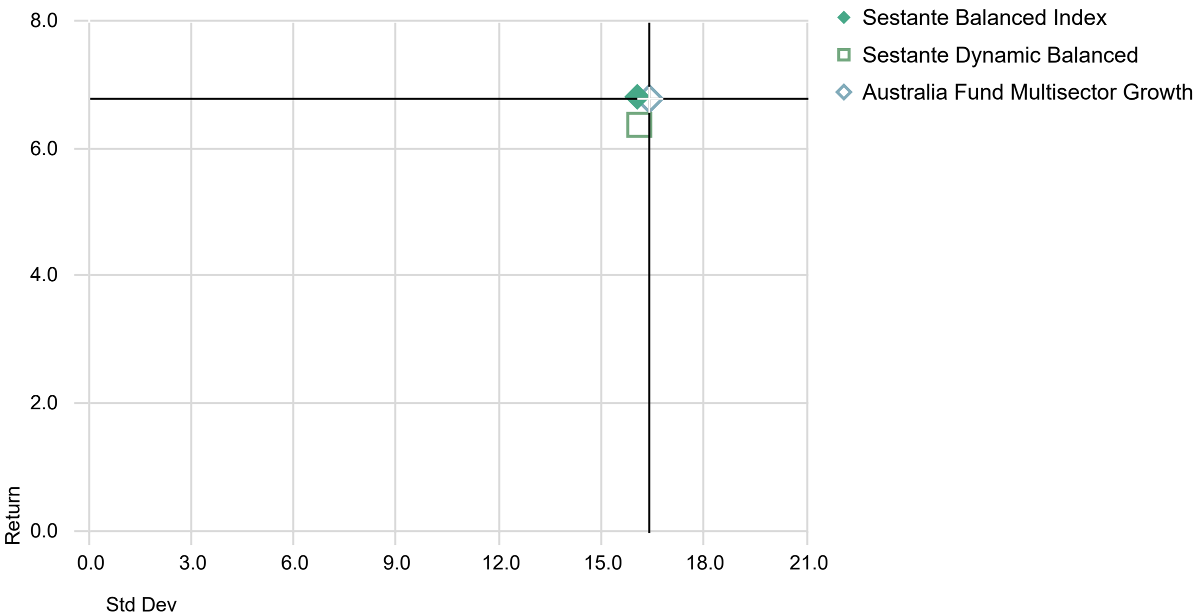
Peer Group (1-100%): Funds - Australia - Multisector Growth



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)

Time Period: Since Common Inception (1/03/2019) to 30/06/2026

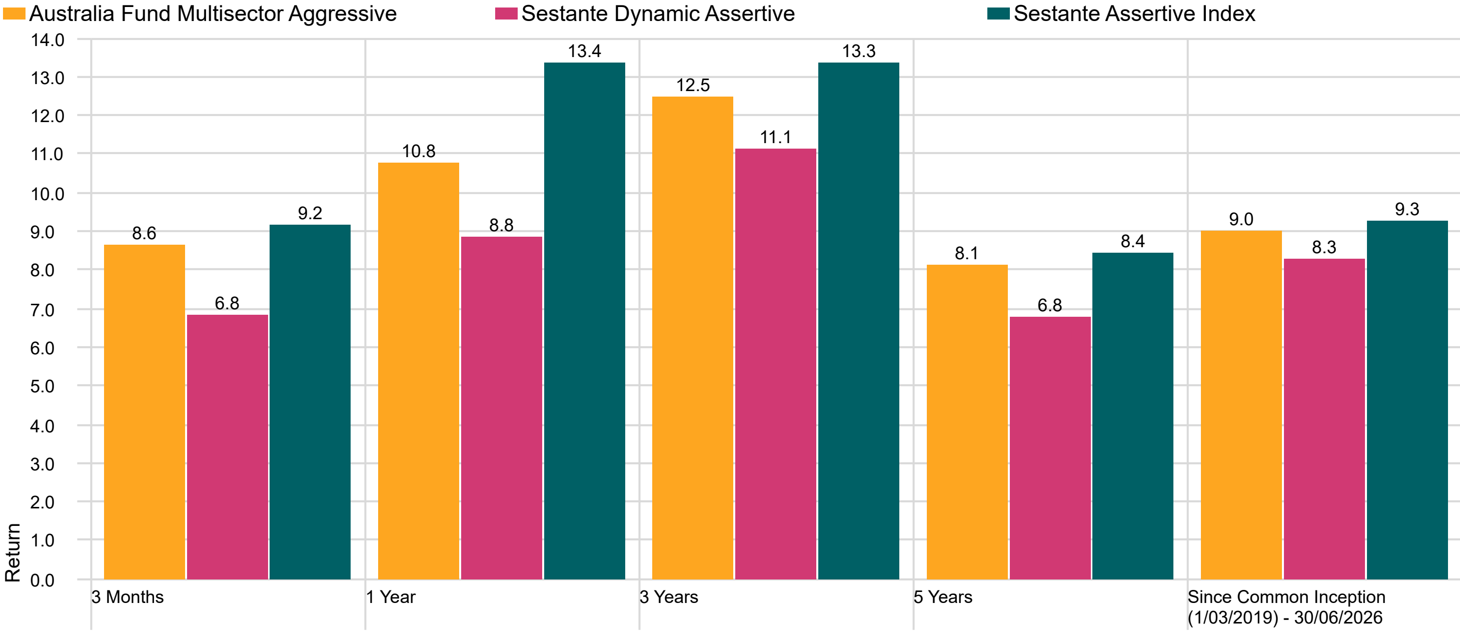


Source: Morningstar Direct

AZ Sestante Quarterly Report
As of 30/06/2026
Peer Group Returns
Multisector Aggressive Category

This part of the report aims to 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

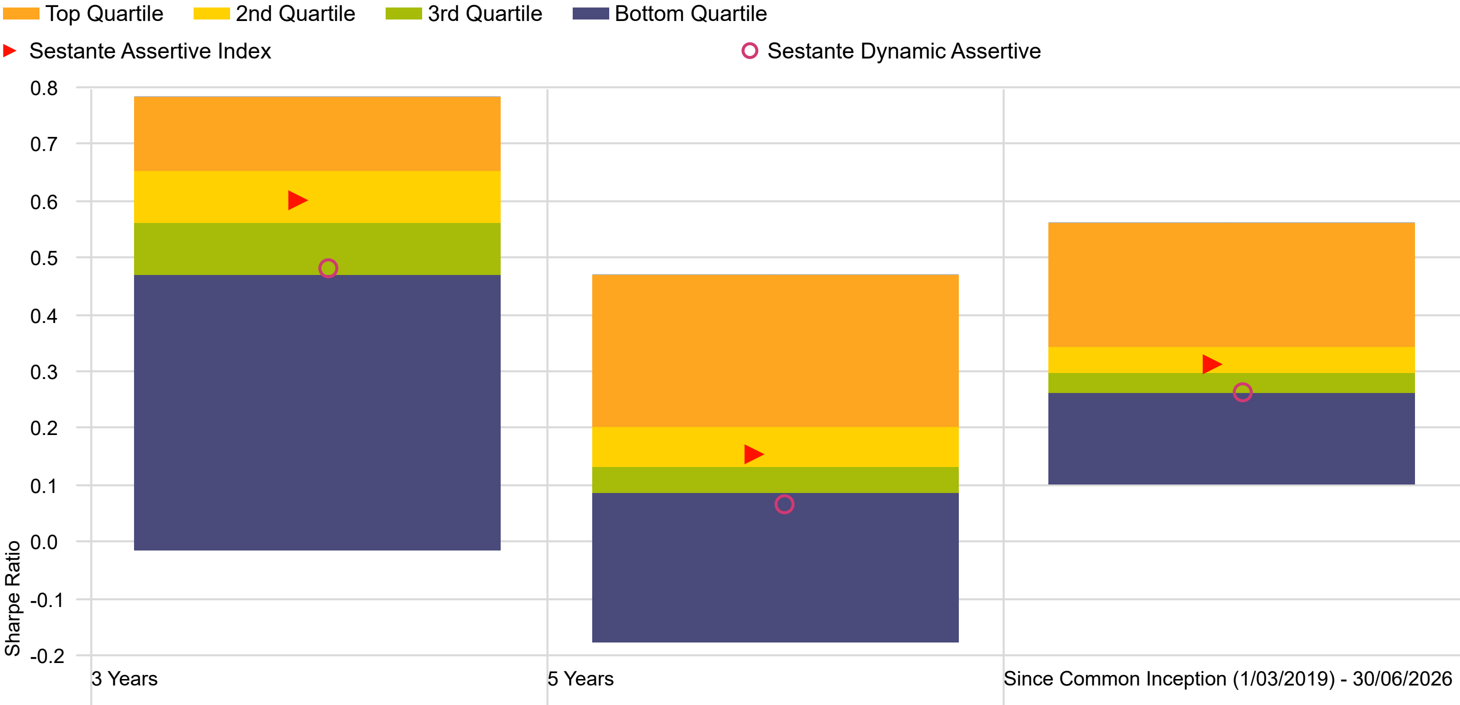
Peer Group (5-95%): Funds - Australia - Multisector Aggressive

Source: Morningstar Direct

AZ Sestante Quarterly Report
As of 30/06/2026
Peer Group Returns
Multisector Aggressive Category

Sharpe Ratio Relative to Peer Group - Assertive

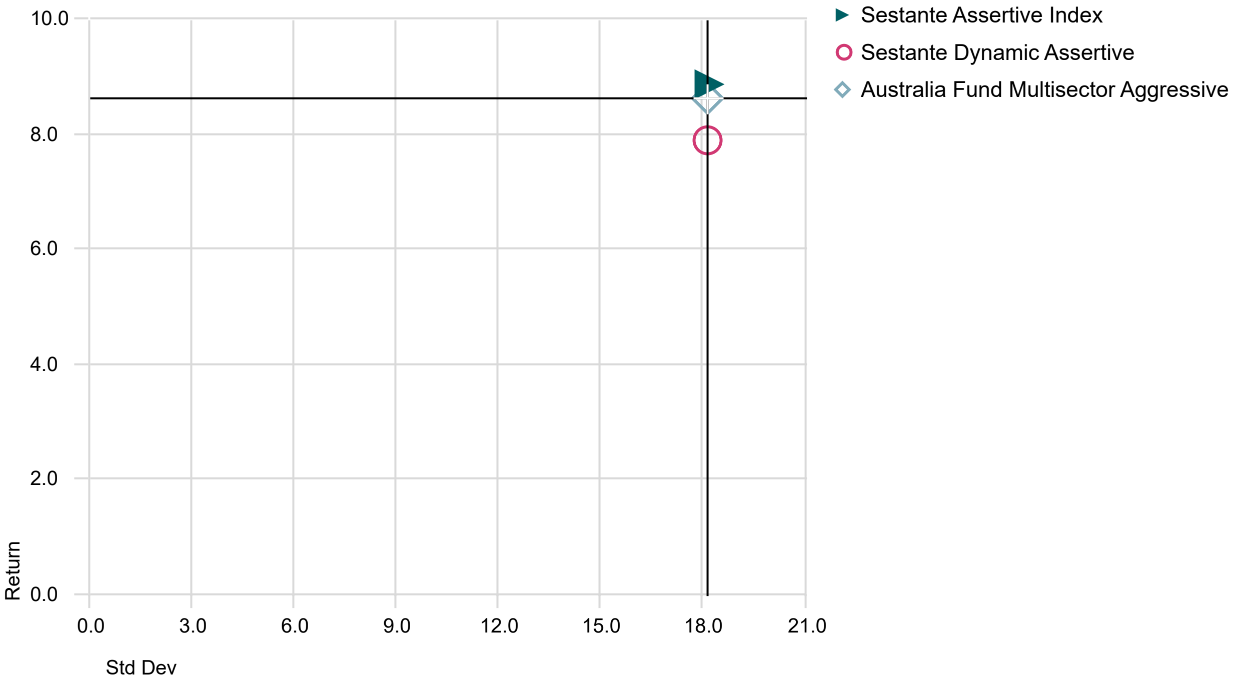
Peer Group (1-100%): Funds - Australia - Multisector Aggressive



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)

Time Period: Since Common Inception (1/03/2019) to 30/06/2026

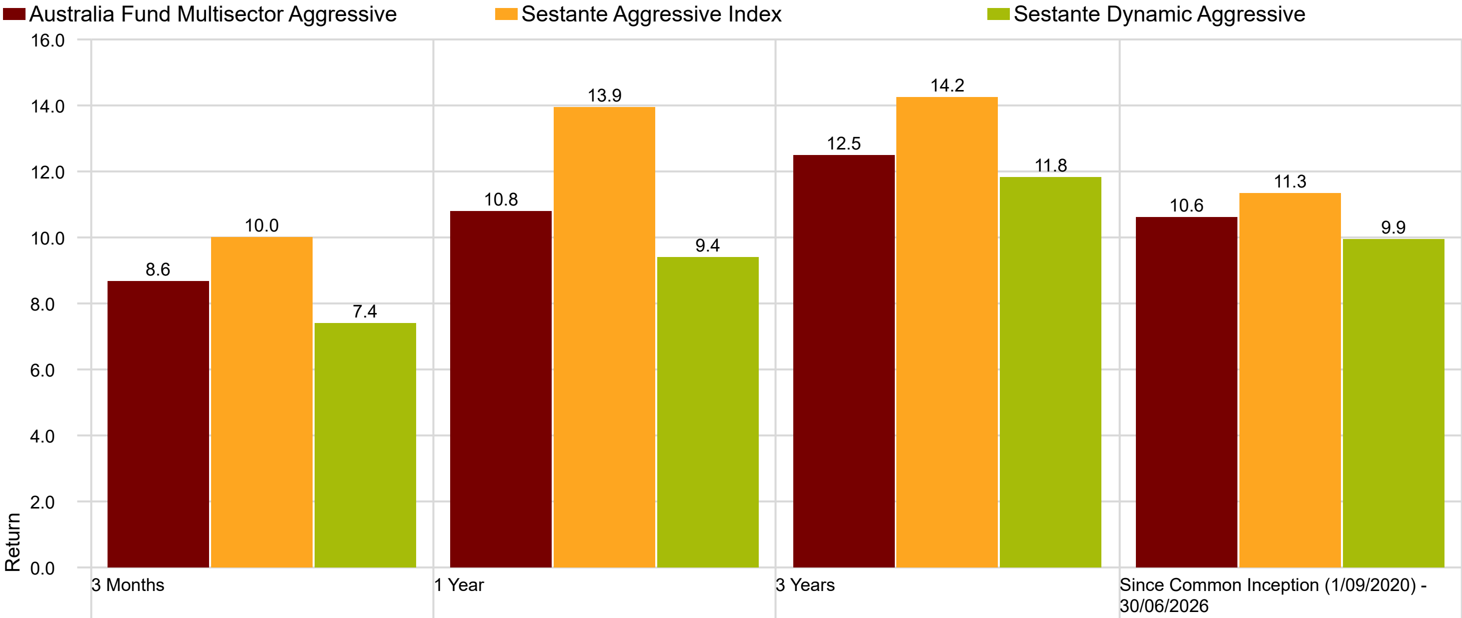


Source: Morningstar Direct

AZ Sestante Quarterly Report
As of 30/06/2026
Peer Group Returns
Multisector Aggressive Category

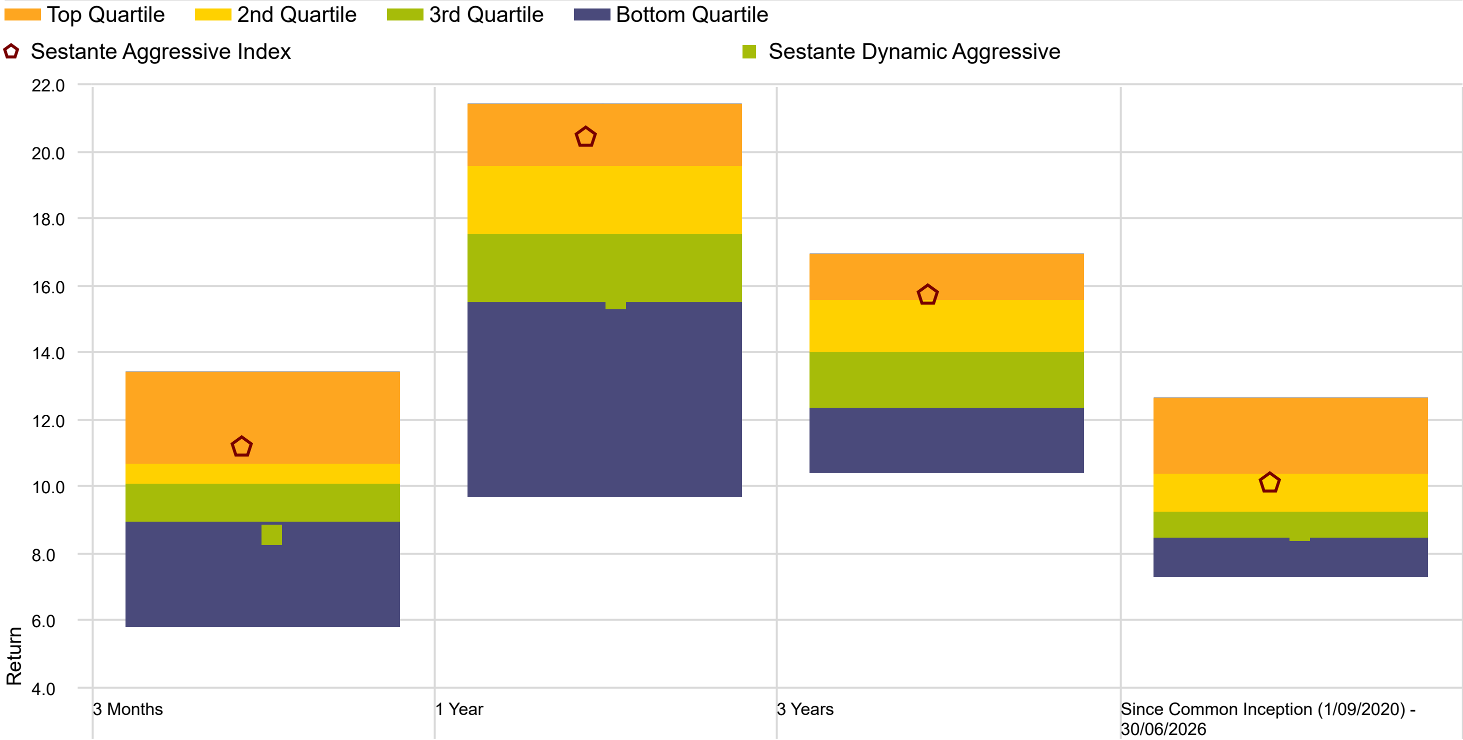
This part of the report aims to provide investors an effective way to compare the AZ Sestante portfolios with like options. Multisector Aggressive funds invest in a number of sectors and have over 80% of their assets in growth sectors.

Sestante Aggressive Portfolios vs Morningstar Peers



Sestante Aggressive Performance Relative to Peer Group

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

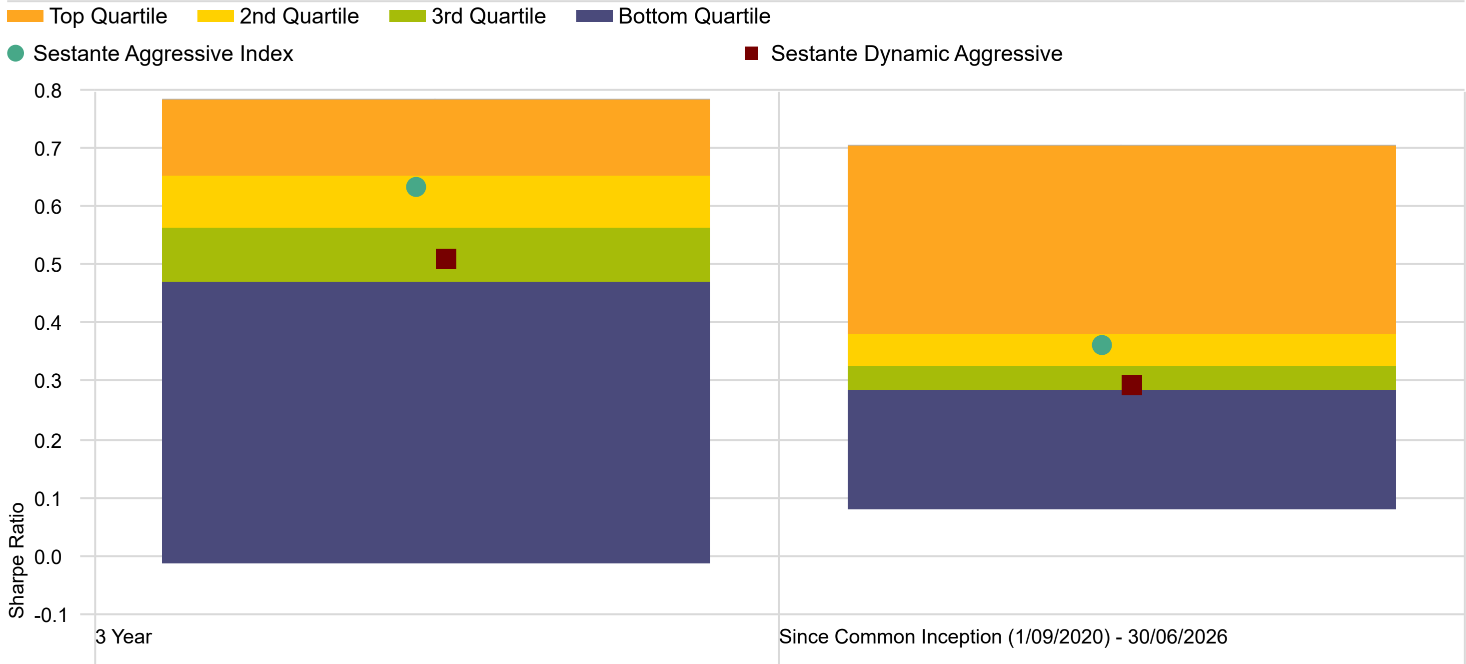


Source: Morningstar Direct

AZ Sestante Quarterly Report
As of 30/06/2026
Peer Group Returns
Multisector Aggressive Category

Sharpe Ratio Relative to Peer Group - Aggressive

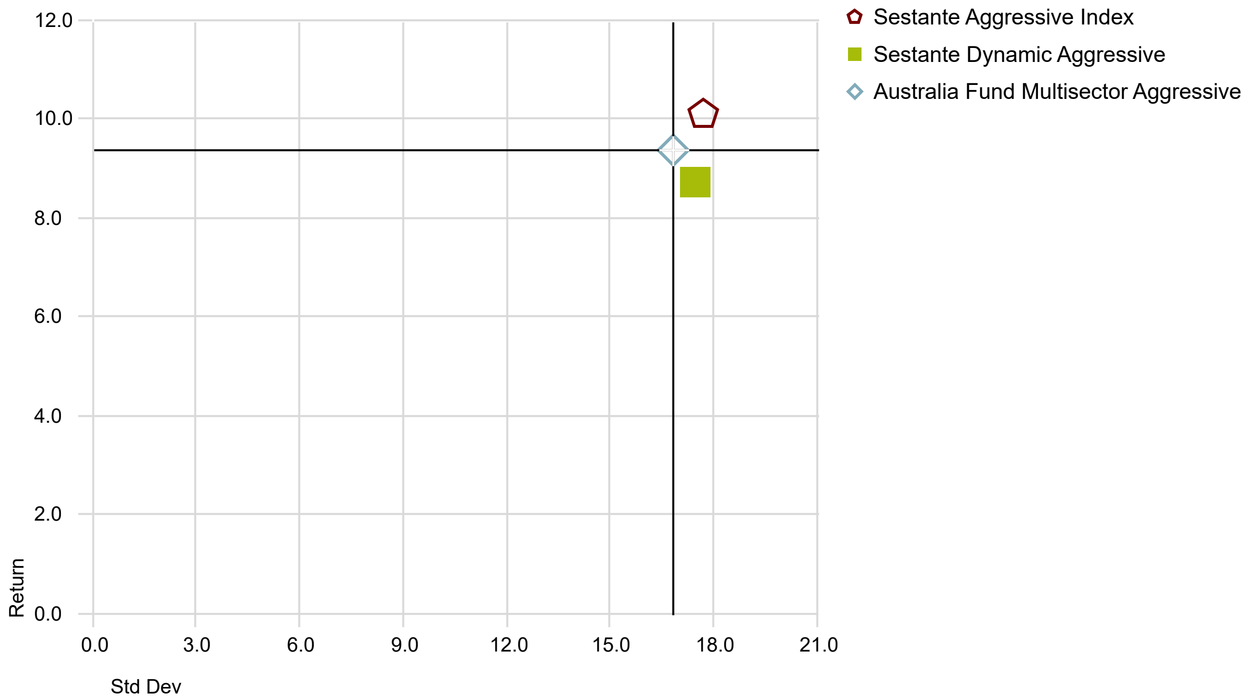
Peer Group (1-100%): Funds - Australia - Multisector Aggressive



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)

Time Period: Since Common Inception (1/09/2020) to 30/06/2026



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