

Market Review

The third quarter of 2026 delivered positive headline returns for shares, but the gains were far from evenly shared. Renewed conflict between the US and Iran pushed Brent crude back above US\$100 a barrel, reigniting inflation concerns and prompting most developed-market central banks, including the US Federal Reserve, to lift interest rates. Returns below are in US dollars unless stated, not Australian dollars, so currency moves would alter results for local investors.

The S&P 500 rose about 2.3% and set several record highs, underpinned by solid earnings and heavy spending on artificial intelligence infrastructure. Beneath the surface, however, leadership was narrow. Energy was the best-performing US sector as oil prices climbed, and technology also did well, with semiconductor shares rising roughly 9% in September alone. By contrast, smaller companies, which typically carry more debt, struggled as borrowing costs rose, and the Russell 2000 fell 7.2%. Dividend-paying utilities and property stocks also lagged as higher bond yields reduced their appeal.

Globally, Japan led developed markets, with the TOPIX up 3.8% in yen terms, helped by strong earnings, buybacks and governance reforms. UK shares held up comparatively well, while continental Europe slipped amid worries about rising rates and its limited AI exposure. Emerging markets finished slightly lower after a July sell-off in Korean and Taiwanese chip stocks, although Brazil and South Africa performed well. Encouragingly, earnings forecasts rose faster than share prices, so valuations became cheaper in most regions, with the S&P 500 now near its long-term average price-to-earnings multiple.

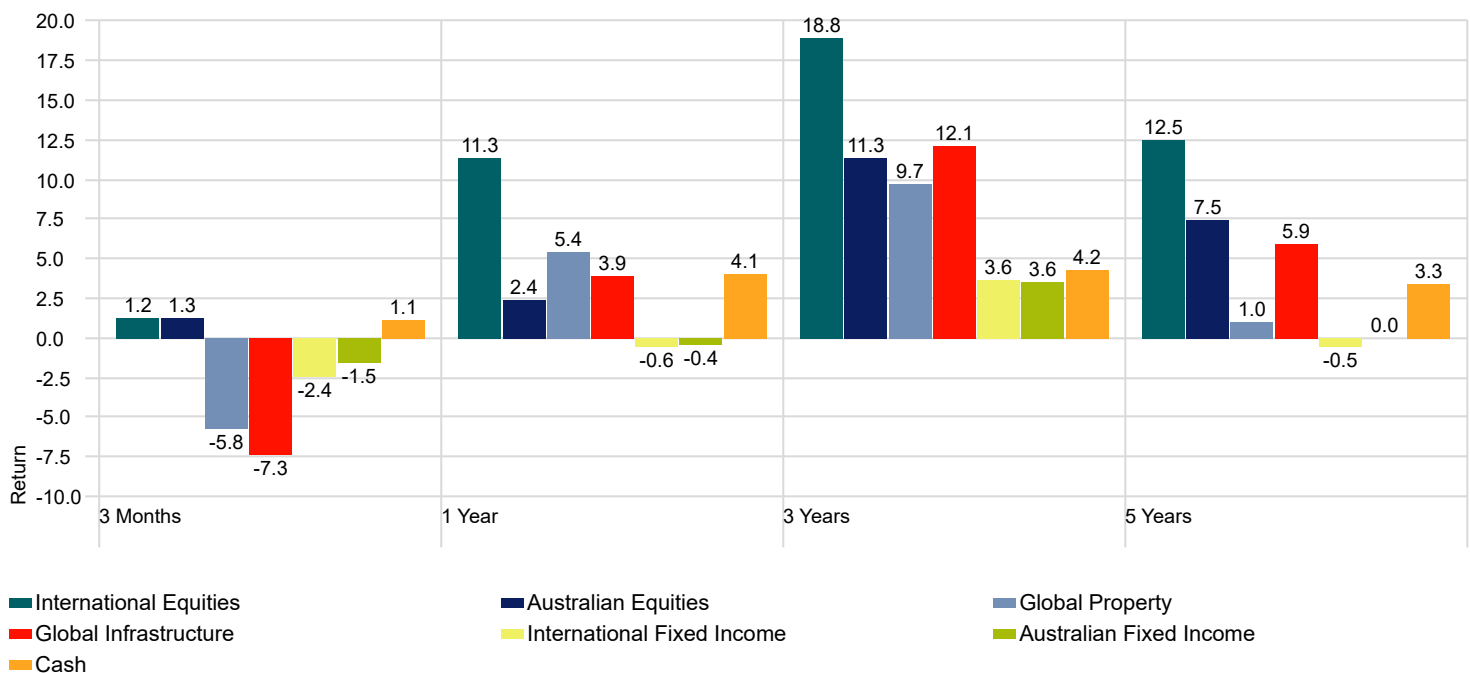
Persistent inflation, heavy government borrowing and more than US\$200 billion of long-term bond issuance by large technology companies to fund data centres drove yields sharply higher. The US 10-year Treasury yield climbed above 5.3%, while long-dated yields in the UK and Japan reached levels last seen in the late 1990s. Because bond prices fall when yields rise, US Treasuries lost around 3%, UK gilts lost 2.5% in sterling terms and French government bonds dropped more than 5% in euro terms. Corporate bonds also lost ground, though high-yield debt fared better thanks to its higher income. On the bright side, bond yields are now among the highest in two decades.

Commodities were the standout asset class, with the Bloomberg Commodity Index up 16%, led by energy. Gold rose 3.7%, while the US dollar strengthened on higher interest rates and safe-haven demand.

With earnings resilient but rates still rising, a focus on quality companies and shorter-dated, high-quality bonds appears more prudent than simply owning the broad market.

Returns

As of Date: 30/09/2026



*International Equities: MSCI ACWI Ex Australia; Australian Equities: S&P/ASX 300; Global Property: FTSE EPRA 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.

Conservative Profile

Dynamic Portfolio

The Dynamic portfolio recorded a -0.38% return for the quarter, underperforming its cash + 2.0% (annual) benchmark. Australian equities were positive from an attribution perspective. The Schroder Australian Equity Fund and the Paradise Australian Equities Fund both added value relative to the benchmark, however this was partially offset by weaker performance from the Yarra Ex-20 Australian Equities Fund.

International equities delivered mixed results. While the iShares S&P 500 AUD Hedged ETF, Vinva Global Alpha Extension Fund, Barrow Hanley Global Share Fund (Hedged), Vanguard MSCI International ETF and Vanguard MSCI International (Hedged) ETF all performed well, these gains were offset by underperformance from the Pandal Global Emerging Markets Opportunities Fund, Yarra Global Small Companies Fund and Vanguard All-World ex-US Shares ETF, which were the largest detractors within the asset class.

Within Fixed Income, results were weaker, with the PIMCO Global Bond Fund underperforming the Global Aggregate index, while the Macquarie Dynamic Bond Fund performed in line. Australian fixed income also detracted, with the Western Asset Australian Bond Trust and the Yarra Australian Bond Fund both slightly behind the benchmark, while the Janus Henderson Tactical Income Fund added value as yields rose.

Index Portfolio

The Index portfolio delivered a -0.52% return, underperforming its cash + 2.5% (annual) benchmark for the quarter. The best returns for the quarter were produced by the iShares S&P 500 AUD Hedged ETF and the iShares S&P 500 ETF, which returned 2.5% and 2.1% respectively. Gains were also generated by the iShares Core S&P/ASX 200 ETF, however rising bond yields weighed on the iShares Global Bond Index and iShares Australian Bond Index, which more than offset these gains.

Moderately Conservative Profile

Dynamic Portfolio

The Dynamic portfolio recorded a -0.56% return for the quarter, underperforming its cash + 2.5% (annual) benchmark. Australian equities were positive from an attribution perspective. The Schroder Australian Equity Fund and the Paradise Australian Equities Fund both added value relative to the benchmark, however this was partially offset by weaker performance from the Yarra Ex-20 Australian Equities Fund.

International equities delivered mixed results. While the iShares S&P 500 AUD Hedged ETF, Vinva Global Alpha Extension Fund, Barrow Hanley Global Share Fund (Hedged), Vanguard MSCI International ETF and Vanguard MSCI International (Hedged) ETF all performed well, these gains were offset by underperformance from the Pandal Global Emerging Markets Opportunities Fund, Yarra Global Small Companies Fund and Vanguard All-World ex-US Shares ETF, which were the largest detractors within the asset class.

Global Property and Infrastructure detracted, with the VanEck FTSE International Property (AUD Hedged) ETF and the VanEck FTSE Global Infrastructure (AUD Hedged) ETF both falling as bond yields rose.

Within Fixed Income, results were weaker, with the PIMCO Global Bond Fund underperforming the Global Aggregate index, while the Macquarie Dynamic Bond Fund performed in line. Australian fixed income also detracted, with the Western Asset Australian Bond Trust and the Yarra Australian Bond Fund both slightly behind the benchmark, while the Janus Henderson Tactical Income Fund added value as yields rose.

Index Portfolio

The Index portfolio delivered a -0.77% return, underperforming its cash + 2.0% (annual) benchmark for the quarter. The best returns for the quarter were produced by the iShares S&P 500 AUD Hedged ETF and the iShares S&P 500 ETF, which returned 2.5% and 2.1% respectively. Gains were also generated by the iShares Core S&P/ASX 200 ETF, however these were more than offset by losses from the VanEck property and infrastructure ETFs and from bond holdings as yields rose sharply.

Balanced Profile

Dynamic Portfolio

The Dynamic portfolio recorded a -0.39% return for the quarter, underperforming its cash + 3.5% (annual) benchmark. Australian equities were positive from an attribution perspective. The Schroder Australian Equity Fund and the Paradise Australian Equities Fund both added value relative to the benchmark, however this was partially offset by weaker performance from the Yarra Ex-20 Australian Equities Fund.

International equities delivered mixed results. While the iShares S&P 500 AUD Hedged ETF, Vinva Global Alpha Extension Fund, Barrow Hanley Global Share Fund (Hedged), Vanguard MSCI International ETF and Vanguard MSCI International (Hedged) ETF all performed well, these gains were offset by underperformance from the Pandal Global Emerging Markets Opportunities Fund, Yarra Global Small Companies Fund and Vanguard All-World ex-US Shares ETF, which were the largest detractors within the asset class.

Global Property and Infrastructure detracted, with the VanEck FTSE International Property (AUD Hedged) ETF and the VanEck FTSE Global Infrastructure (AUD Hedged) ETF both falling as bond yields rose.

Within Fixed Income, results were weaker, with the PIMCO Global Bond Fund underperforming the Global Aggregate index, while the Macquarie Dynamic Bond Fund performed in line. Australian fixed income also detracted, with the Western Asset Australian Bond Trust and the Yarra Australian Bond Fund both slightly behind the benchmark, while the Janus Henderson Tactical Income Fund added value as yields rose.

Index Portfolio

The Index portfolio delivered a -0.54% return, underperforming its cash + 2.5% (annual) benchmark for the quarter. The best returns for the quarter were produced by the iShares S&P 500 AUD Hedged ETF and the iShares S&P 500 ETF, which returned 2.5% and 2.1% respectively. Gains were also generated by the iShares Core S&P/ASX 200 ETF, however these were more than offset by losses from the VanEck property and infrastructure ETFs and from bond holdings as yields rose sharply.

Assertive Profile

Dynamic Portfolio

The Dynamic portfolio recorded a +0.09% return for the quarter, underperforming its cash + 4.5% (annual) benchmark. Australian equities were positive from an attribution perspective. The Schroder Australian Equity Fund and the Paradise Australian Equities Fund both added value relative to the benchmark, however this was partially offset by weaker performance from the Yarra Ex-20 Australian Equities Fund.

International equities delivered mixed results. While the iShares S&P 500 AUD Hedged ETF, Vinva Global Alpha Extension Fund, Barrow Hanley Global Share Fund (Hedged), Vanguard MSCI International ETF and Vanguard MSCI International (Hedged) ETF all performed well, these gains were offset by underperformance from the Pandal Global Emerging Markets Opportunities Fund, Yarra Global Small Companies Fund and Vanguard All-World ex-US Shares ETF, which were the largest detractors within the asset class.

Global Property and Infrastructure detracted, with the VanEck FTSE International Property (AUD Hedged) ETF and the VanEck FTSE Global Infrastructure (AUD Hedged) ETF both falling as bond yields rose.

Within Fixed Income, results were weaker, with the PIMCO Global Bond Fund underperforming the Global Aggregate index, while the Macquarie Dynamic Bond Fund performed in line. Australian fixed income also detracted, with the Western Asset Australian Bond Trust and the Yarra Australian Bond Fund both slightly behind the benchmark, while the Janus Henderson Tactical Income Fund added value as yields rose.

Index Portfolio

The Index portfolio delivered a -0.02% return, underperforming its cash + 3.0% (annual) benchmark for the quarter. The best returns for the quarter were produced by the iShares S&P 500 AUD Hedged ETF and the iShares S&P 500 ETF, which returned 2.5% and 2.1% respectively. Gains were also generated by the iShares Core S&P/ASX 200 ETF, however these were largely offset by losses from the VanEck property and infrastructure ETFs and from bond holdings as yields rose sharply.

Aggressive Profile

Dynamic Portfolio

The Dynamic portfolio recorded a +0.60% return for the quarter, underperforming its cash + 5.0% (annual) benchmark. Australian equities were positive from an attribution perspective. The Schroder Australian Equity Fund and the Paradise Australian Equities Fund both added value relative to the benchmark, however this was partially offset by weaker performance from the Yarra Ex-20 Australian Equities Fund.

International equities delivered mixed results. While the iShares S&P 500 AUD Hedged ETF, Vinva Global Alpha Extension Fund, Barrow Hanley Global Share Fund (Hedged), Vanguard MSCI International ETF and Vanguard MSCI International (Hedged) ETF all performed well, these gains were offset by underperformance from the Pandal Global Emerging Markets Opportunities Fund, Yarra Global Small Companies Fund and Vanguard All-World ex-US Shares ETF, which were the largest detractors within the asset class.

Global Property and Infrastructure detracted, with the VanEck FTSE International Property (AUD Hedged) ETF and the VanEck FTSE Global Infrastructure (AUD Hedged) ETF both falling as bond yields rose.

Index Portfolio

The Index portfolio delivered a +0.47% return, underperforming its cash + 4.5% (annual) benchmark for the quarter. The best returns for the quarter were produced by the iShares S&P 500 AUD Hedged ETF and the iShares S&P 500 ETF, which returned 2.5% and 2.1% respectively. Gains were also generated by the iShares Core S&P/ASX 200 ETF, however these were partly offset by losses from the VanEck property and infrastructure ETFs and from international and emerging markets shares.

AZ Sestante Quarterly Report

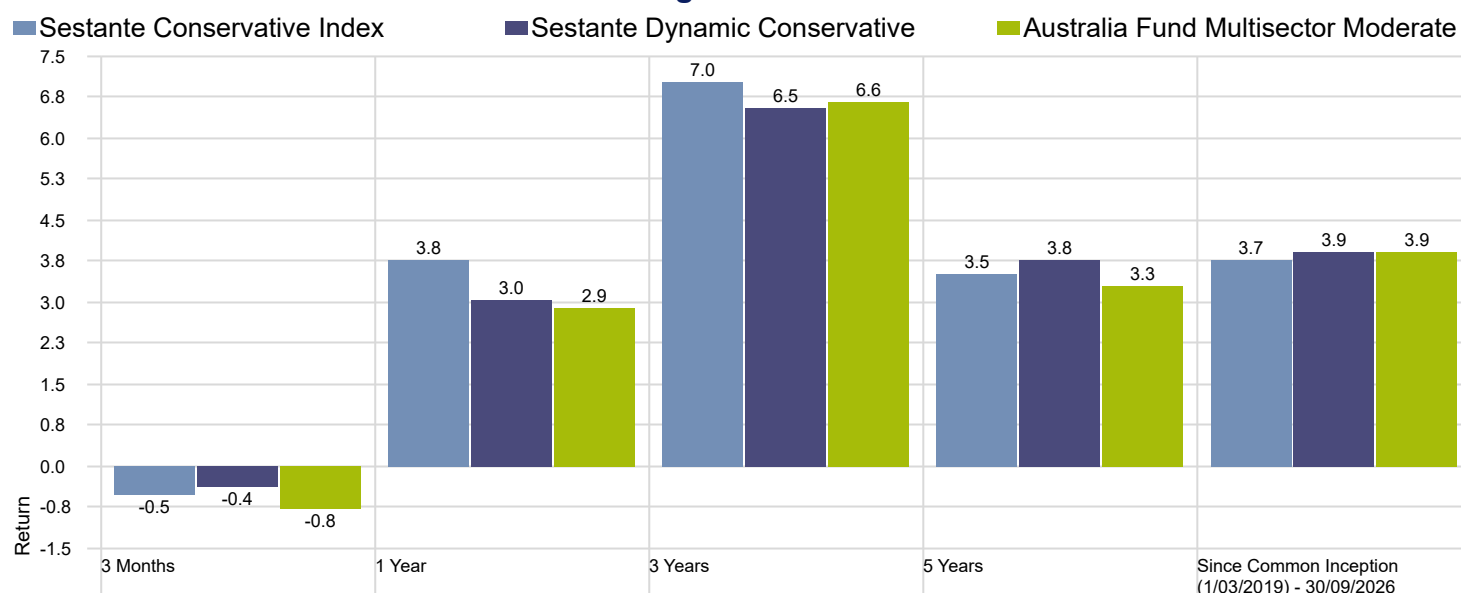
As of 30/09/2026

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



AZ Sestante Quarterly Report

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Peer Group Returns

Multisector Moderate Category

Sharpe Ratio Relative to Peer Group - Conservative

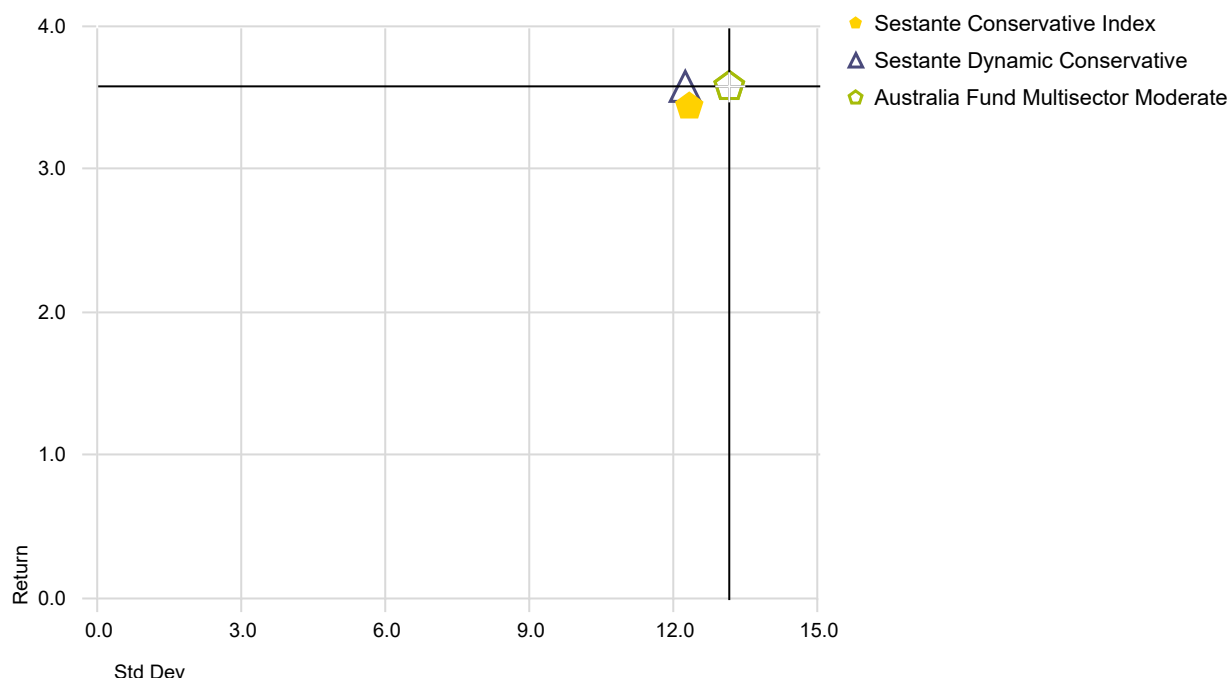
Peer Group (5-95%): Funds - Australia - Multisector Moderate



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 30/09/2026



AZ Sestante Quarterly Report

As of 30/09/2026

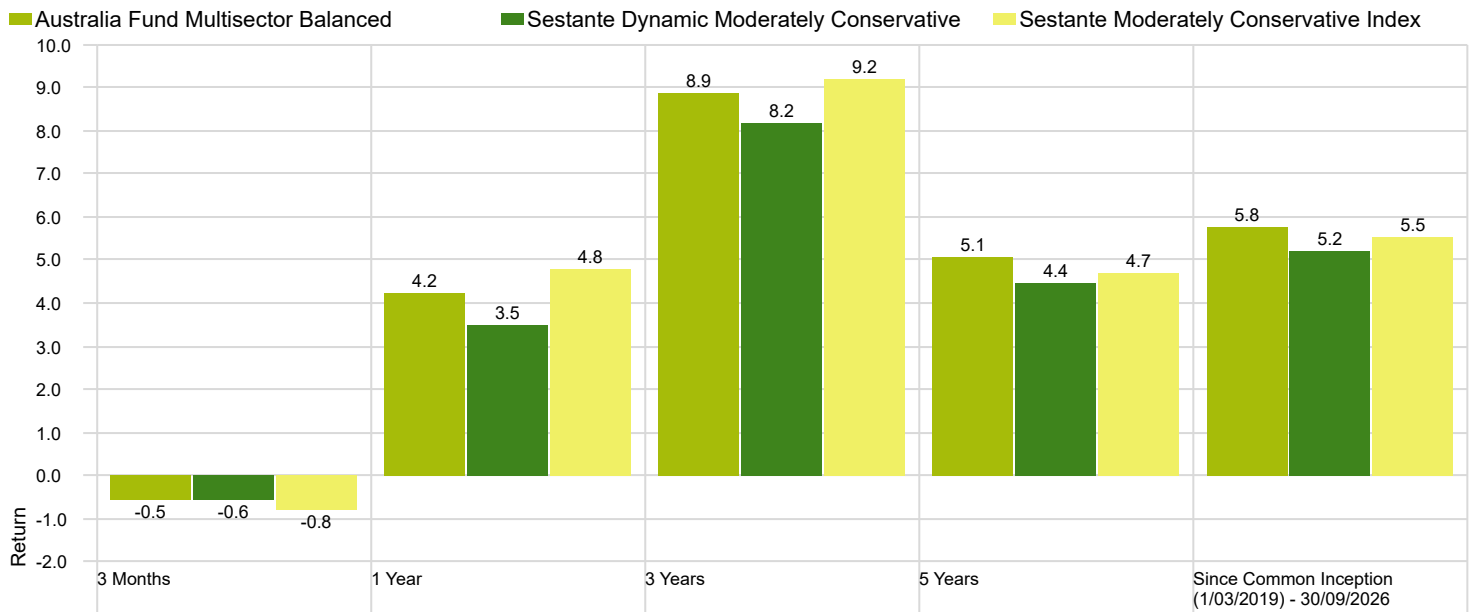
Peer Group Returns

Multisector Balanced Category



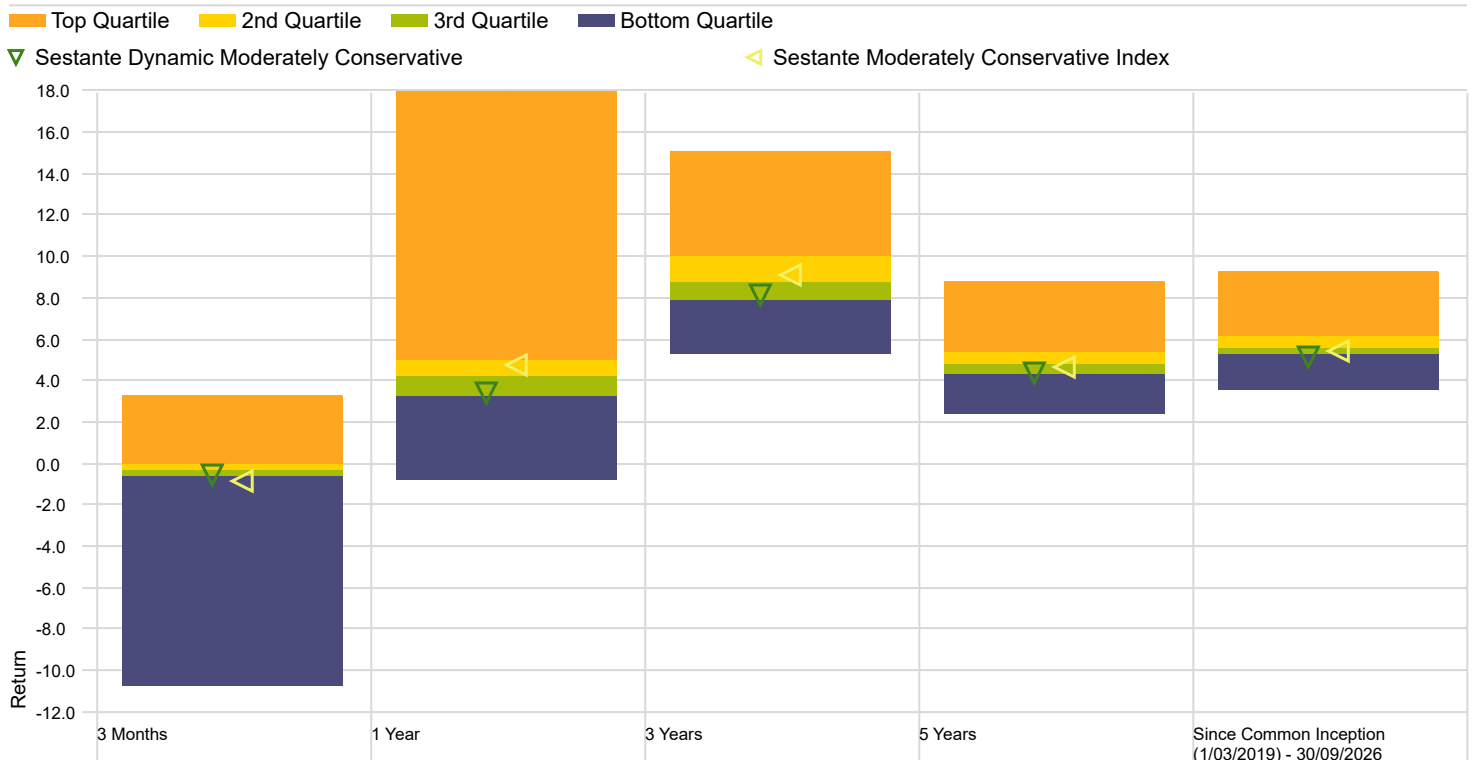
This part of the report aims to provide investors an effective way to compare the AZ Sestante portfolios with like options. The Multisector Balanced Category consists of funds that invest in a number of sectors and have between 41% and 60% of their investments exposed to the growth sectors.

Sestante Moderately Conservative Portfolios vs Morningstar Peers



Sestante Moderately Conservative Performance Relative to Peer Group

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



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Peer Group Returns

Multisector Balanced Category

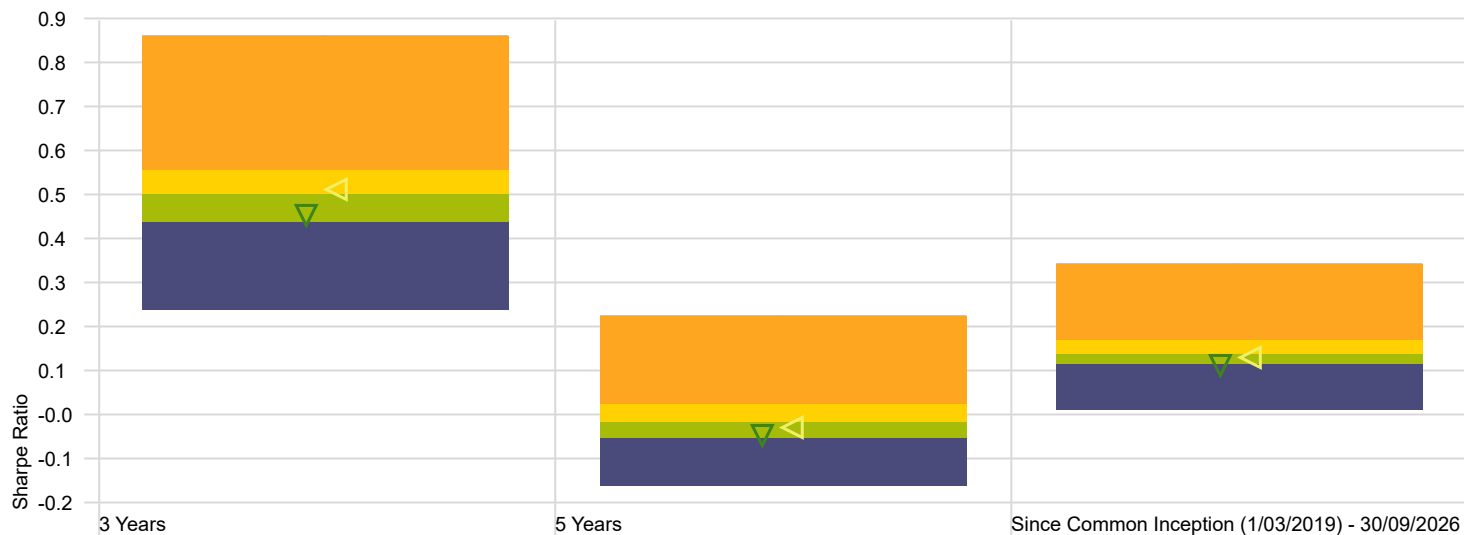
Sharpe Ratio Relative to Peer Group - Moderately Conservative

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

Top Quartile 2nd Quartile 3rd Quartile Bottom Quartile

▼ Sestante Dynamic Moderately Conservative

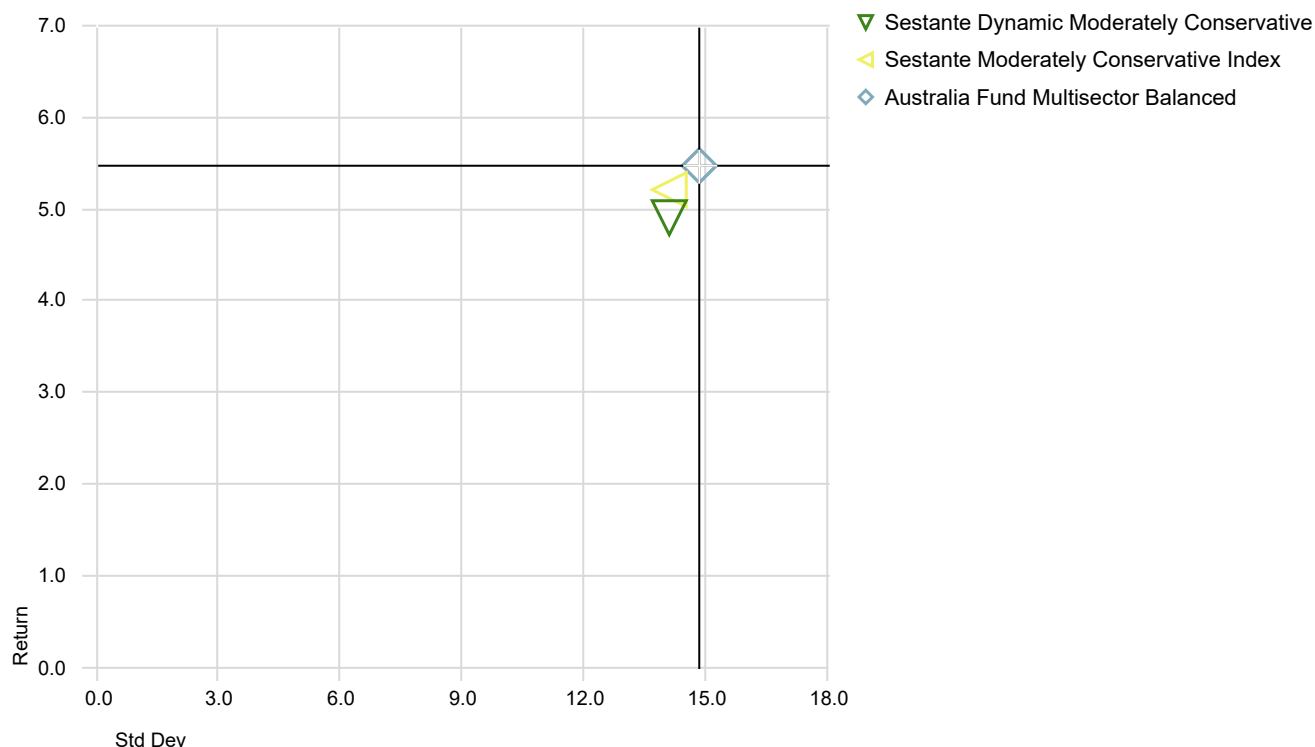
◀ Sestante Moderately Conservative Index



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 30/09/2026



AZ Sestante Quarterly Report

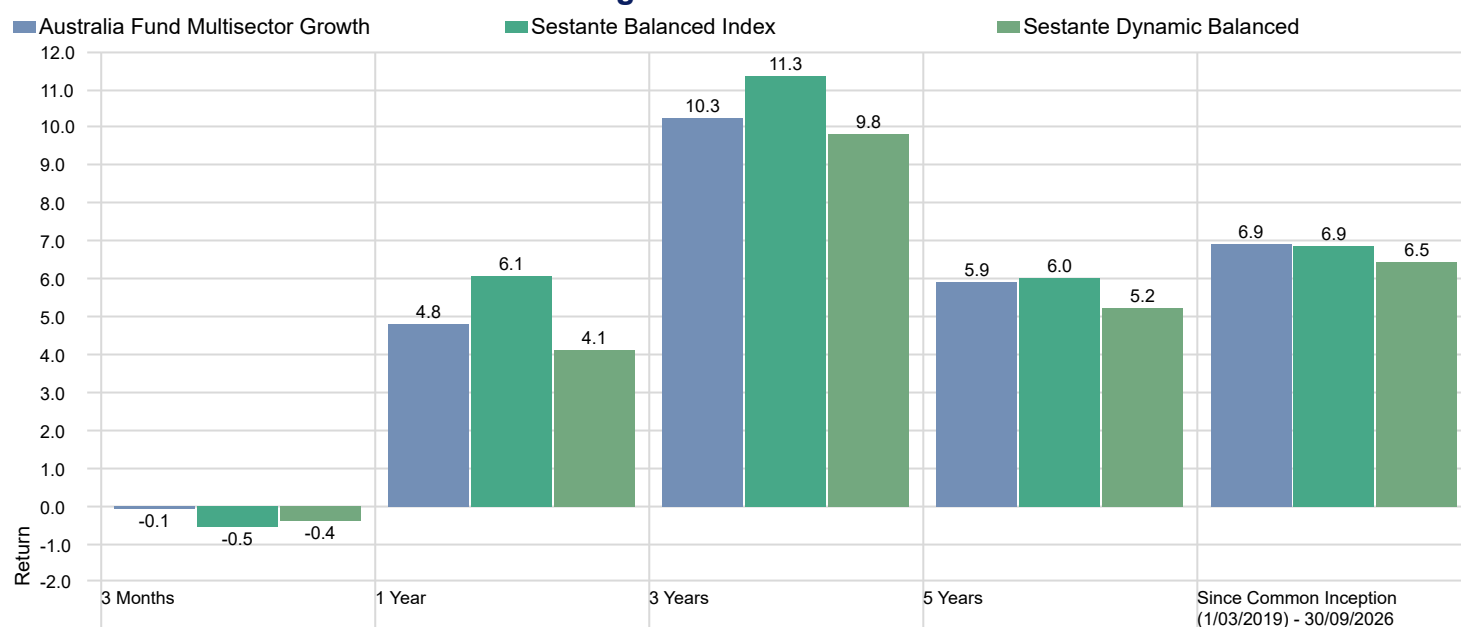
As of 30/09/2026

Peer Group Returns

Multisector Growth Category

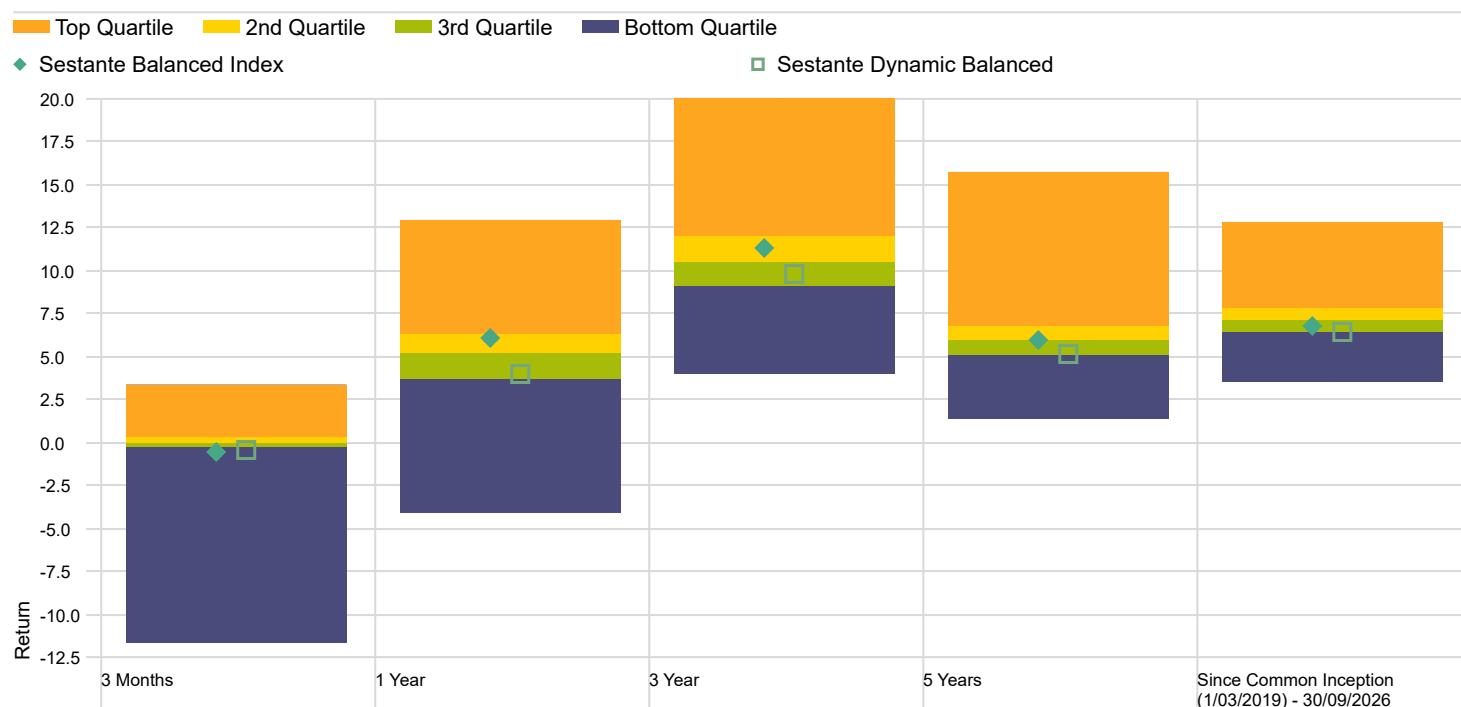
This part of the report aims to provide investors an effective way to compare the AZ Sestante portfolios with like options. The Multisector Growth Category consists of funds that invest in a number of sectors and have between 61% and 80% of their investments exposed to the growth sectors.

Sestante Balanced Portfolios vs Morningstar Peers



Sestante Balanced Performance Relative to Peer Group

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



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Peer Group Returns

Multisector Growth Category

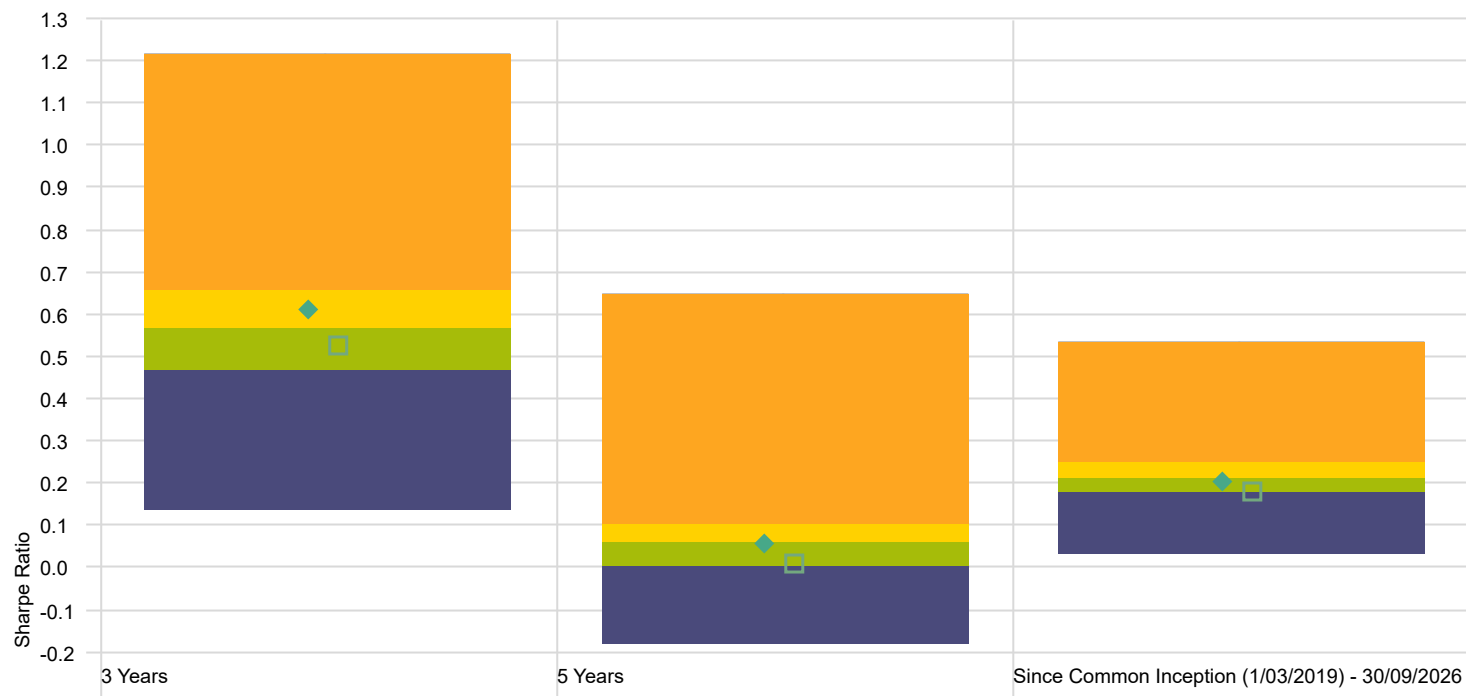
Sharpe Ratio Relative to Peer Group - Balanced

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

Top Quartile 2nd Quartile 3rd Quartile Bottom Quartile

◆ Sestante Balanced Index

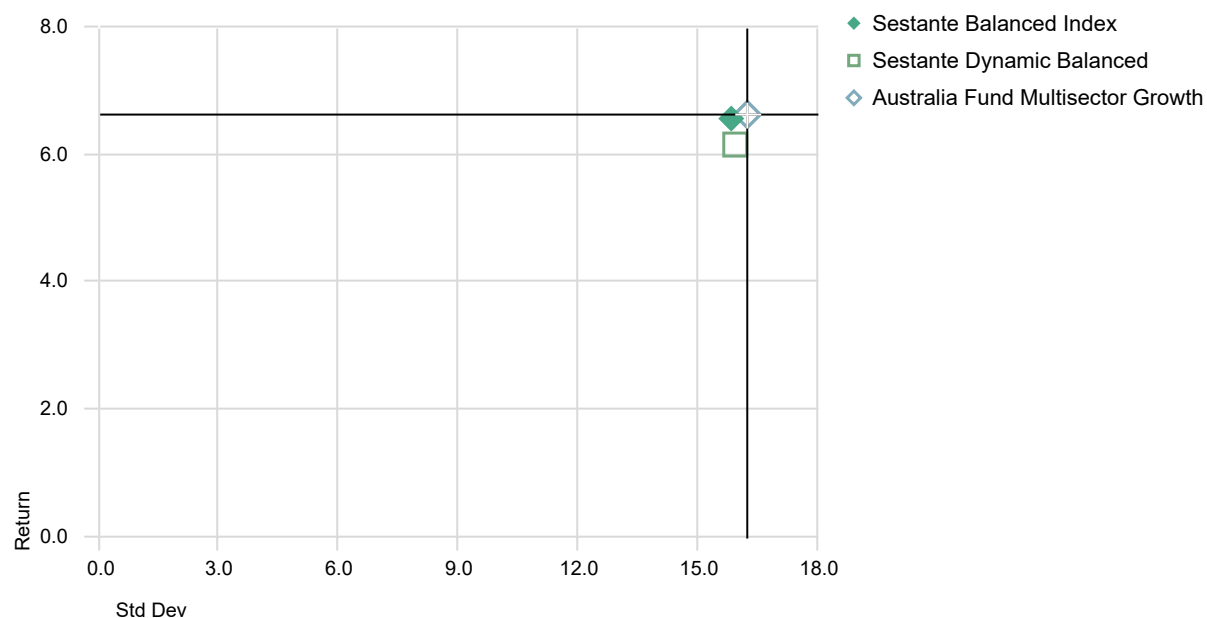
□ Sestante Dynamic Balanced



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 30/09/2026



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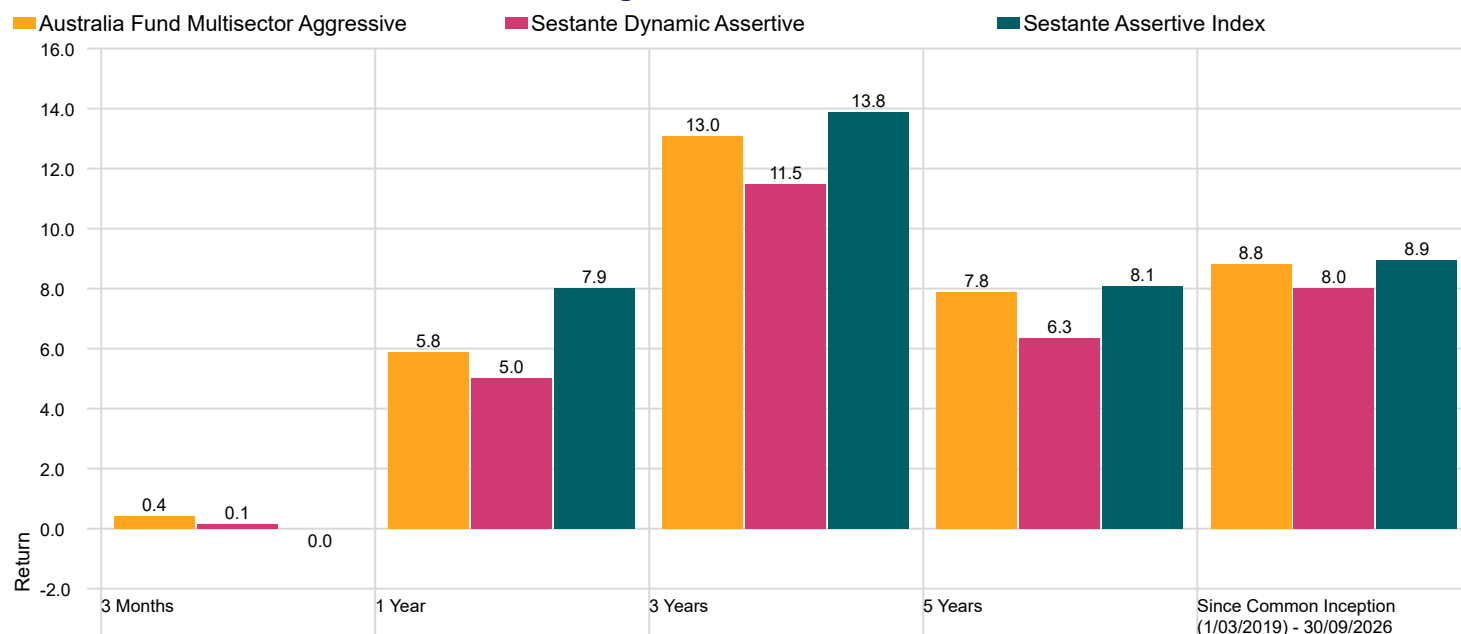
As of 30/09/2026

Peer Group Returns

Multisector Aggressive Category

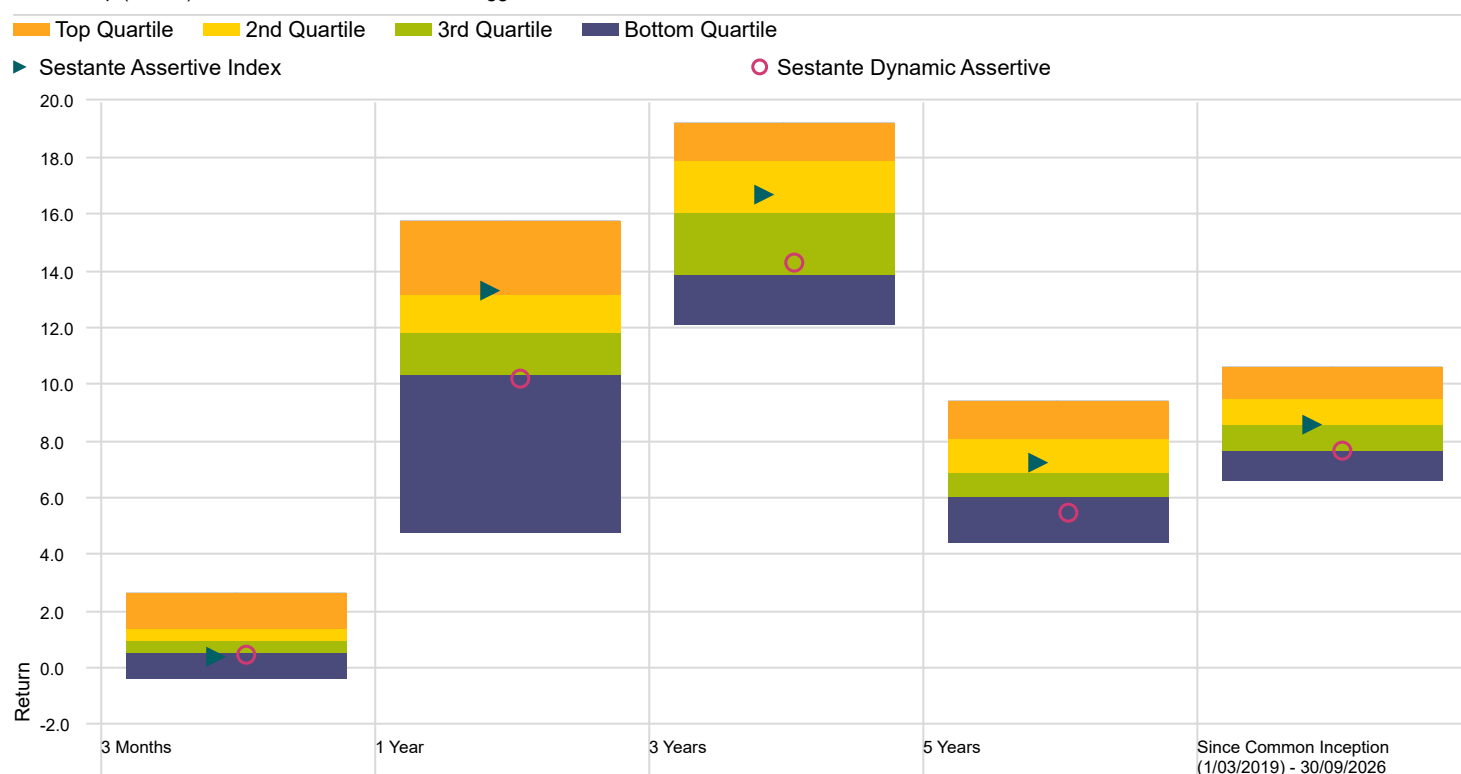
This part of the report aims to provide investors an effective way to compare the AZ Sestante portfolios with like options. Multisector Aggressive funds invest in a number of sectors and have over 80% of their assets in growth sectors.

Sestante Assertive Portfolios vs Morningstar Peers



Sestante Assertive Performance Relative to Peer Group

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



AZ Sestante Quarterly Report

As of 30/09/2026

Peer Group Returns

Multisector Aggressive Category

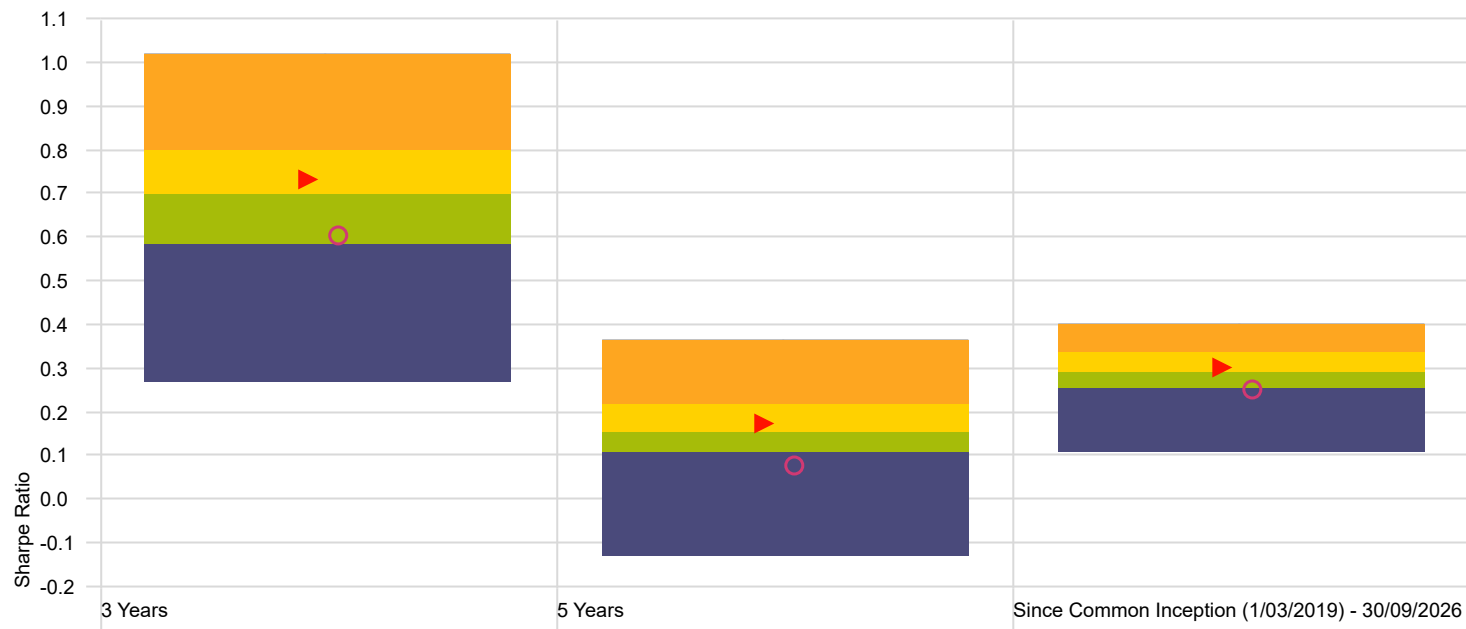
Sharpe Ratio Relative to Peer Group - Assertive

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

Top Quartile 2nd Quartile 3rd Quartile Bottom Quartile

▶ Sestante Assertive Index

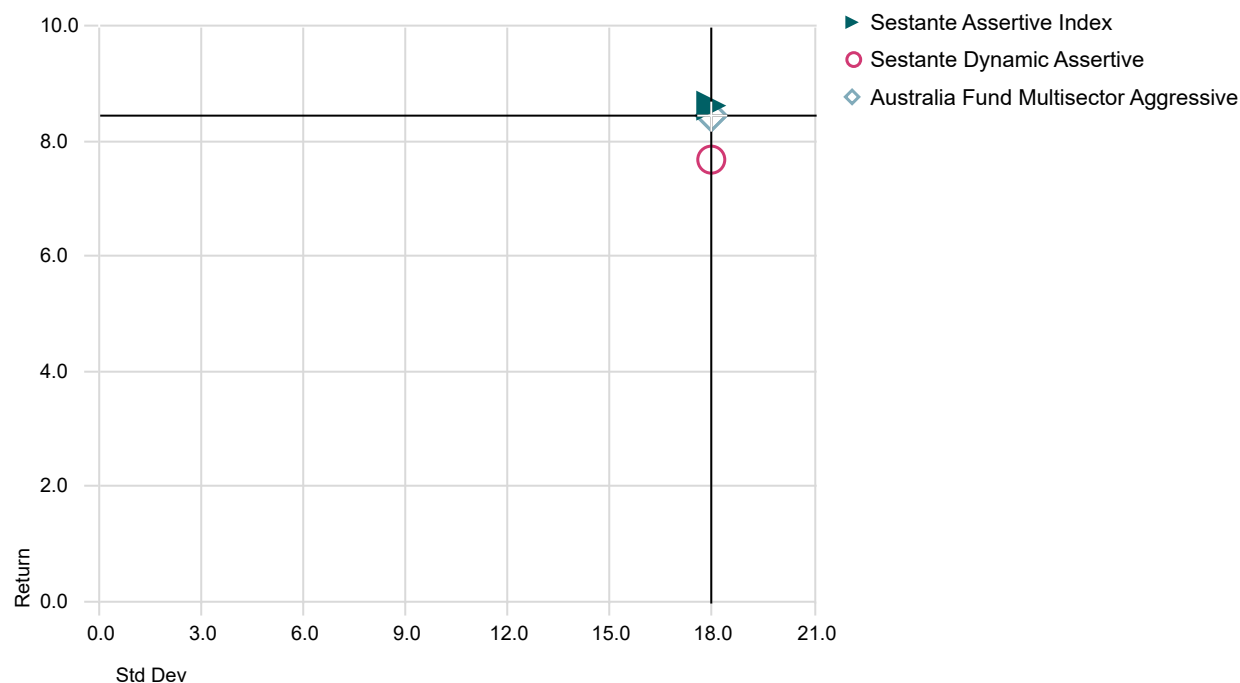
○ Sestante Dynamic Assertive



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 30/09/2026



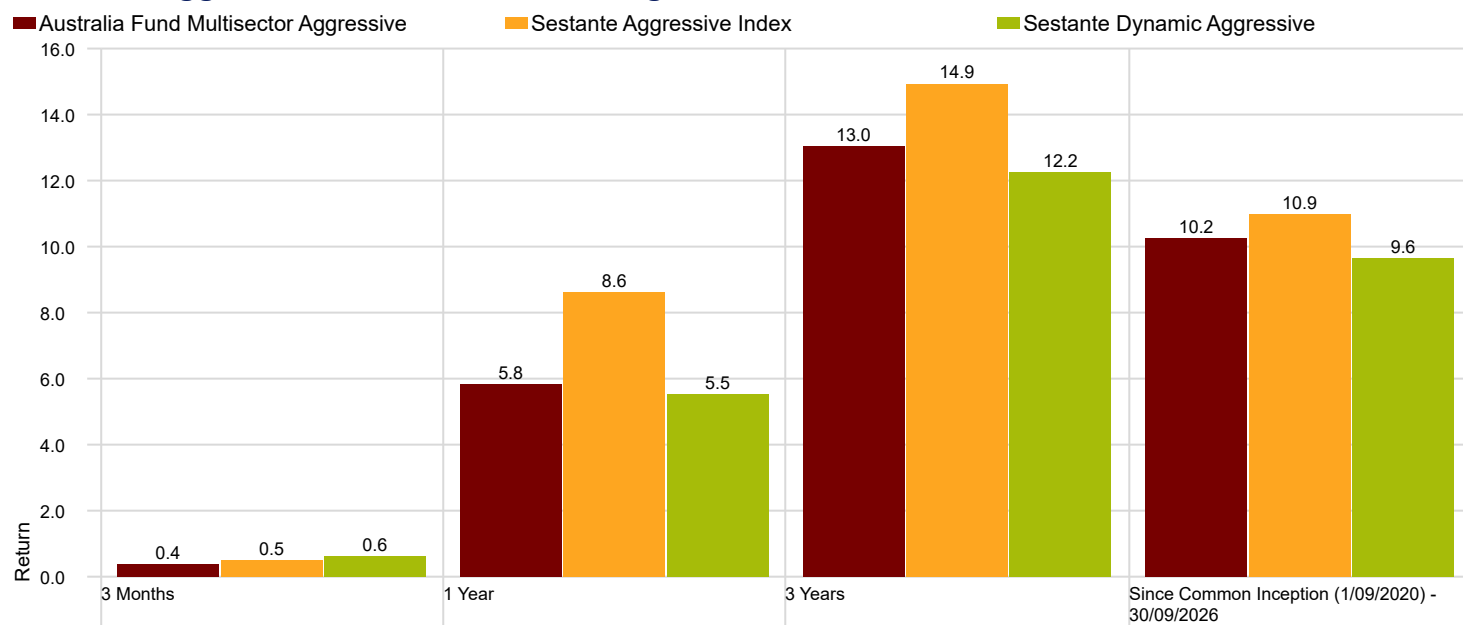
AZ Sestante Quarterly Report

As of 30/09/2026
Peer Group Returns
Multisector Aggressive Category



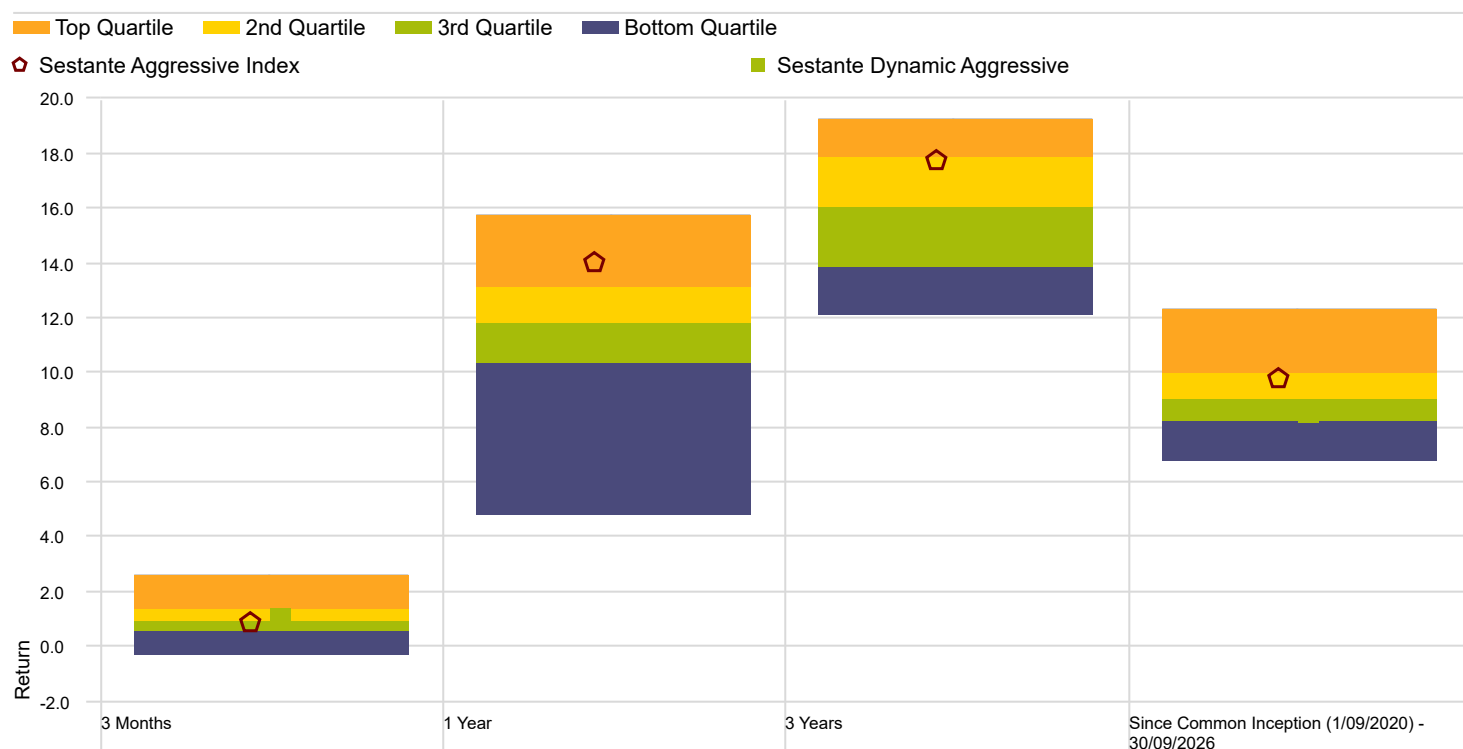
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Sestante Aggressive Portfolios vs Morningstar Peers



Sestante Aggressive Performance Relative to Peer Group

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



AZ Sestante Quarterly Report

As of 30/09/2026

Peer Group Returns

Multisector Aggressive Category

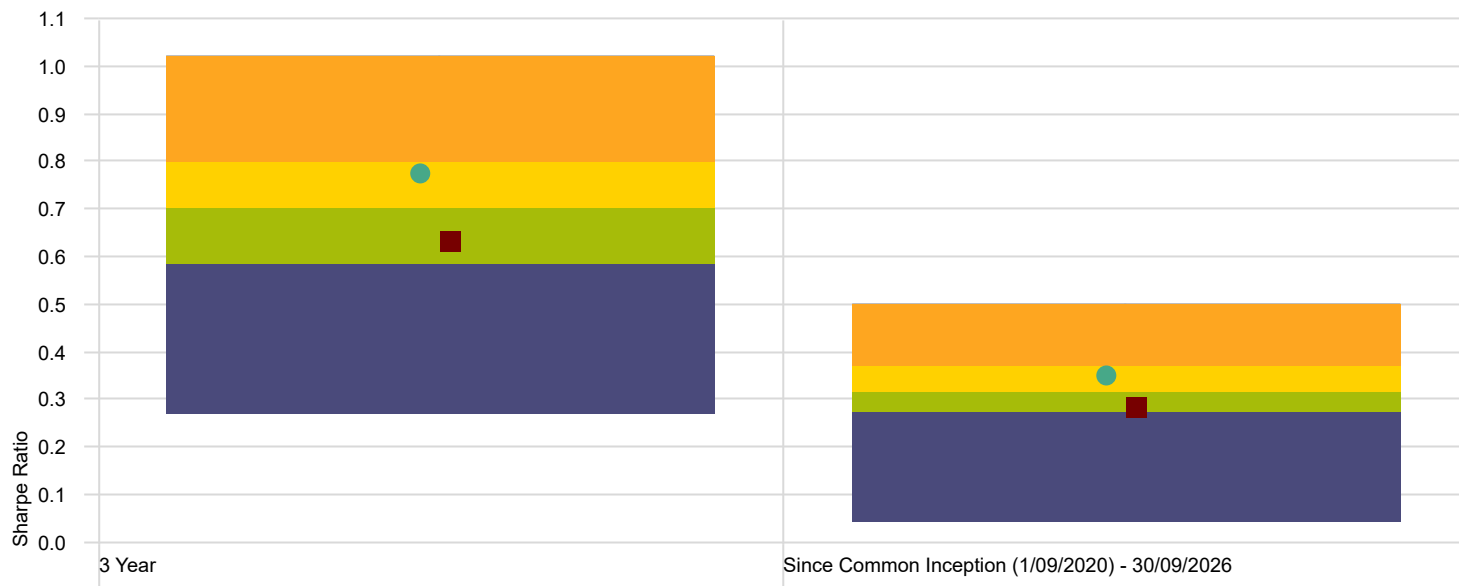
Sharpe Ratio Relative to Peer Group - Aggressive

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

Top Quartile 2nd Quartile 3rd Quartile Bottom Quartile

Sestante Aggressive Index

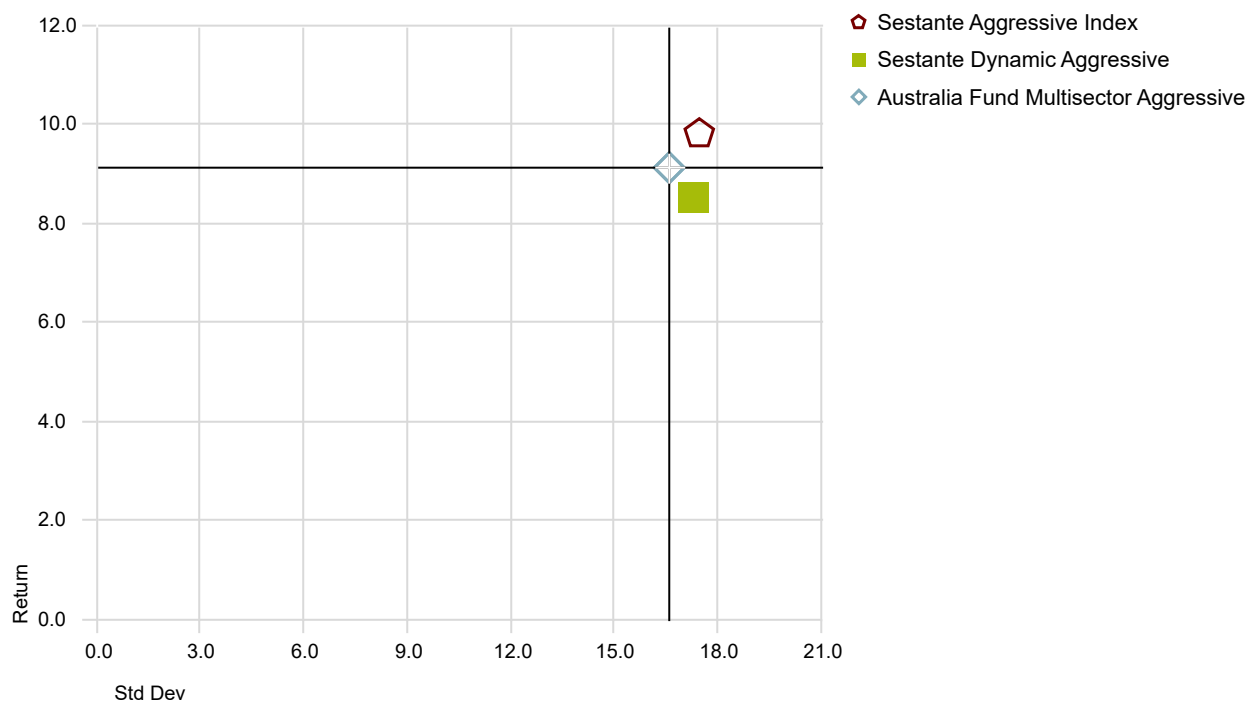
Sestante Dynamic Aggressive



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 30/09/2026



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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