



Sestante Global Macro Fund

Monthly Investment Report as at 30 November 2017

Asset Class

Alternatives

Investment Objective

To outperform the RBA Cash Rate +2% p.a. before fees with volatility of less than 4% and low correlation to traditional financial markets over rolling 1 year periods.

APIR Code

PAT5878AU

ARSN

619 981 752

Fund Inception Date

6 September 2017

Benchmark

Unaware

Buy/Sell Spread

Nil

Management Costs

1.89% p.a.¹

Distribution Frequency

Annually

Minimum Investment

\$20,000

Fund Size

\$1.8m

Exit Price

\$1.0120

Market Review

In the investment manager's opinion, JPMorgan Chase Chairman and CEO Jamie Dimon was correct when asked about the Trump administration's corporate tax reform, he said "think of it as a QE4". After the bill passes, companies will repatriate capital from overseas, will increase dividends and buybacks and will acquire competitors. In other words, they will bid up asset prices, and that is why equity markets are exploding higher in response. Sure, Mr Dimon conceded that some companies will also raise wages, boosting demand in the real economy. However, the investment manager senses that eventually the majority of the tax boon will accumulate on corporate balance sheets and that it will not get recirculated in the American economy. That expectation, if correct, would also explain the lack of reaction to the news by the long end of the US interest rate curve (10 years plus) as, all things being equal, the tax cuts should not have a significant effect on growth, keeping inflation in check. Conversely, the 2 years and 5 years have continued their relentless move higher as the US budget deficit as a percentage of the gross domestic profit figures have been slowly widening since the second quarter of 2016. What that means is that despite the pick-up in economic growth and the stock market hitting new all-time highs almost on a daily basis, tax receipts have slowed down as of late. The newly proposed tax cuts will further reduce them, raising the US government borrowing needs at a time when the Federal Reserve has embarked on the reduction of its balance sheet. In the end, the investment manager believes that either the long part of the curve will have to adjust higher or the US dollar will have to fall further against the other major currencies. Both scenarios are positive for US equity markets and, by extension, for global equity markets. Not only that, both scenarios favour a rotation out of growth and into value stocks. In the end, in 2018 growth assets may not rally in an almost straight line as they did in 2017, however they will remain well supported.

Performance Review

The Sestante Global Macro Fund (the 'Fund') returned 0.17% (net) for the month.

The Fund had quite a roller coaster ride during the month, first really positive and then quite negative, to finish the month barely up.

Performance

	Growth Return (net) (%)	Income Return (net) (%)	Total Return (net) (%)
1 month	0.17	0.00	0.17
3 months	n/a	n/a	n/a
1 year	n/a	n/a	n/a
3 years (p.a.)	n/a	n/a	n/a
Since inception ² (p.a.)	1.20	0.00	1.20

Past performance is not an indication of future performance. Net performance figures are calculated using exit prices, net of fees and reflect the annual reinvestment of distribution. Retail investors should refer to net returns. If investing through an IDPS Provider, the total after fees performance return of your investment in the Fund may be different from the information in this report.

¹ Estimated management cost as at 30 June 2017. Refer to PDS for full breakdown of management costs.

A Performance Fee of 10% may be payable. Refer to PDS for further details.

² This figure represents the annualised performance of the Fund since inception.

Contact Details

T: 1800 034 402 | E: client.services@ironbarkam.com | W: www.azsestante.com



AZ SESTANTE

AZIMUT GROUP



Sestante Global Macro Fund

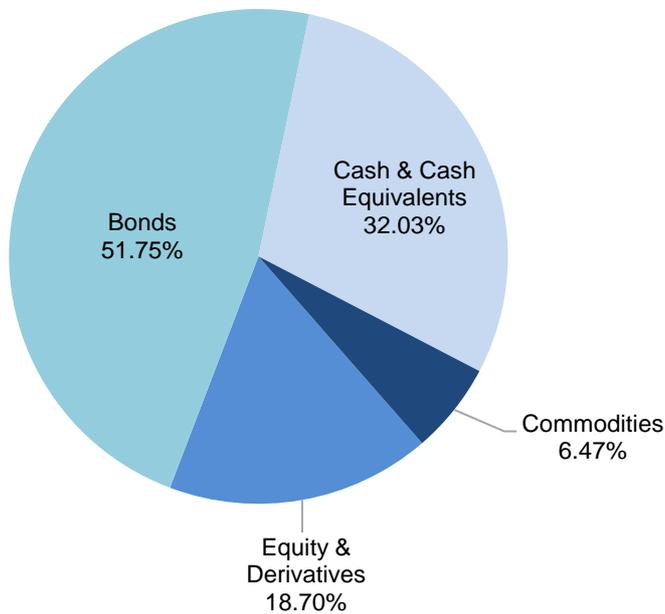
Monthly Investment Report as at 30 November 2017

Outlook

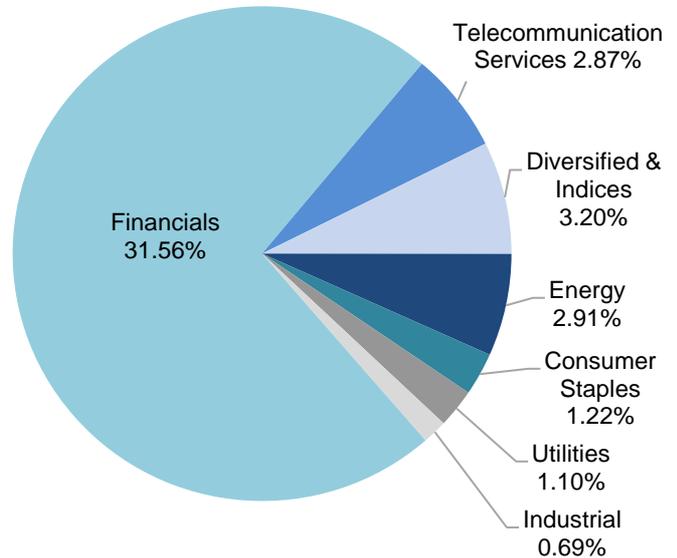
As volatility in the global equity markets is quite low versus the usual year end, the investment manager has decided to increase the Fund's gross exposure to equities through buying options. Over the course of the month the Fund bought call options on the S&P/500, German Dax, Eurostoxx index and MSCI Asia ex Japan. To hedge a bullish view, the investment manager has also bought some VIX Futures and some Japanese yen versus US dollar options. The Fund's risk exposure stays at around 27%. Further trades included the purchase of a basket of stocks related to the alternative currencies themes (exposure via companies related to exchanges, payments, etc). The investment manager has maintained the Fund's emerging market currencies exposure versus the US dollar, especially focusing on Colombian peso, India rupee, Australian dollar, Philippine pesos, and Malaysian ringgit. During the month the Fund halved its New Zealand dollar versus US dollar exposure due to a 3% spike in just a few days. The investment manager is quite positive risk for 2018 and will take any sell off in equity markets as an opportunity to increase the overall risk in the Fund.

Underlying Fund Portfolio Summary

Asset Exposure



Bond Exposure- Sector Allocation



Important Information

Issued by AZ Sestante Limited ABN 94 106 888 662 AFSL 284442. Data as at 30 November 2017. This document is not an offer of securities or financial products, nor is it financial product advice. As this document has been prepared without taking account of any investors' particular objectives, financial situation and needs, you should consider its appropriateness having regard to your objectives, financial situation and needs. The Fund referred to is issued by AZ Sestante Limited ABN 94 106 888 662 AFSL 284442. To acquire units in the Fund, complete the application form that accompanies the current PDS, which you can obtain from www.azsestante.com or by calling client services on 1800 034 402. You should consider the PDS in deciding to acquire or to continue to hold the Fund. Although specific information has been prepared from sources believed to be reliable, we offer no guarantees as to its accuracy or completeness. The information stated, opinions expressed and estimates given constitute best judgement at the time of publication and are subject to change without notice to you. This document describes some current internal investment guidelines and processes. These are constantly under review, and may change over time. Consequently, although this document is provided in good faith, it is not intended to create any legal liability on the part of Ironbark or any other entity and does not vary the terms of a relevant disclosure statement. Past performance is not an indicator of future results. All dollars are Australian dollars unless otherwise specified. All indices are copyrighted by and proprietary to the issuer of the index.

Contact Details

T: 1800 034 402 | E: client.services@ironbarkam.com | W: www.azsestante.com



AZ SESTANTE
AZIMUT GROUP