



# Sestante Global Macro Fund

## Monthly Investment Report as at 31 October 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.<sup>1</sup>

### Distribution Frequency

Annually

### Minimum Investment

\$20,000

### Fund Size

\$1.8m

### Exit Price

\$1.0103

### Market Review

The S&P/ASX 300 TR was up 4.02% in October, generating in the span of a month a return equal to that of the previous nine months combined. All major sectors closed in positive territory, with energy the best performing sector on the back of the strength in oil prices (up 5.24%). Other outperformers included the mid and small cap segment, consumer staples, health care and utilities. Mining stocks managed to equal the index return despite a -5.69% drop in the price of iron ore. The performance of the Australian market was remarkable given its lack of exposure to technology, which lead international equities higher in October. The two regions with the highest exposure to technology, the US and Asia Pacific, led the MSCI AC World TR rally. Within Asia Pacific, Japan was the best performing market on the back of the success of the snap election called by the Prime Minister Abe, whose ruling coalition won a two-thirds 'super-majority'. At the same time, Asia ex-Japan fueled the returns of emerging markets, which resumed their outperformance trend over developed markets after the September pause. All in all, international equities were up 2.08% in US dollar ('USD') terms and 4.46% in Australian dollar ('AUD') terms as the AUD softened -2.28% against the USD. On the one hand, the Dollar Index ('DXY') continued its broad based rebound, up 1.59% for the month. On the other hand, the AUD was particularly weak owing to poor consumer spending data and a lower inflation reading. The sluggish economic backdrop boosted domestic fixed income (up 1.09%), with the 2, 5 and 10 year rates down 13 basis points, 18 basis points and 17 basis points respectively. Global fixed income (hedged back to AUD) was up 0.47% as Eurozone yields fell after the European Central Bank announced that they would extend its asset purchase program until at least September 2018, although at a reduced pace, and postponed its first rate increase well into 2019. Real assets had a mixed reaction to lower yields, with property (up 1.84% in AUD terms) only modestly up when stripping out the currency effect, while returns for infrastructure (up 3.28%) were more robust. Returns for alternatives (up 0.75%) were positive across the board, with trend following strategies and commodity trading advisor fund/ macro the best performing strategies, followed by long/short equity.

### Performance Review

The Sestante Global Macro Fund (the 'Fund') returned 0.75% (net) for the month.

The major factors that generated this month's returns came from the Fund's positions in commodities, US equities, Chinese equities and Japanese equities. Detractors over the month were the positions held by the Fund in bonds, FX and emerging markets.

### Performance

	Growth Return (net) (%)	Income Return (net) (%)	Total Return (net) (%)
1 month	0.75	0.00	0.75
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 <sup>2</sup> (p.a.)	1.03	0.00	1.03

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.

<sup>1</sup> 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.

<sup>2</sup> 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

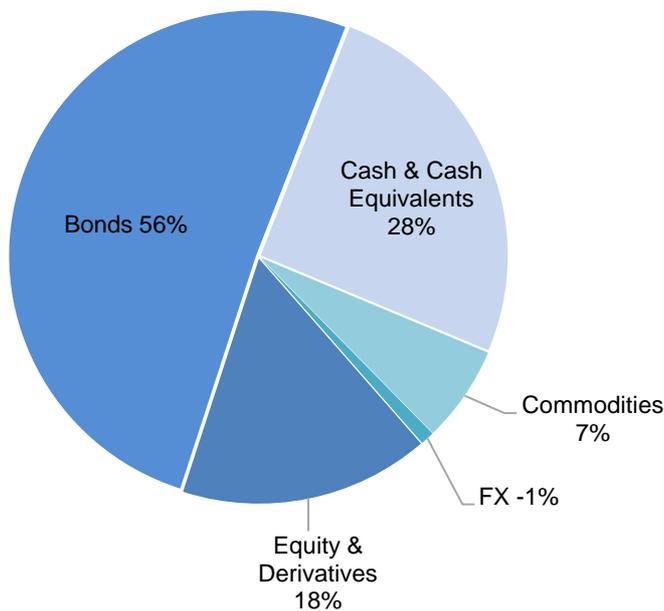
Monthly Investment Report as at 31 October 2017

## Outlook

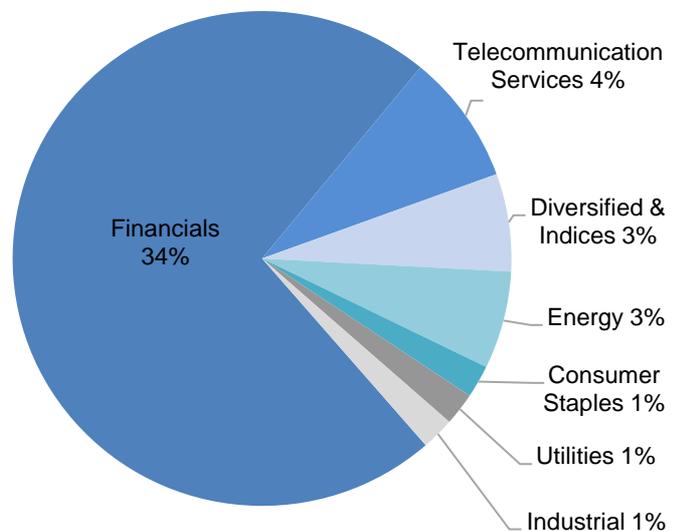
During the month, the Fund purchased some upside option exposure on US equity indices, increasing exposure to risky assets to 27% as the investment manager expects some positive news to be coming out of Washington regarding tax changes. The Fund bought a basket of Chinese stocks related to the application of electric vehicle technology. The investment manager believes China will be the front runner in deploying fleets of electric vehicles onto Chinese roads and on a larger scale than other markets. The investment manager has kept the Fund's emerging market/commodity currencies exposure versus the US dollar ('USD'), with a particular focus on the Colombian Peso, Indian Rupee, Australian Dollar, Philippine Pesos, and Malaysian Ringgit. The Fund set up a long position in the New Zealand dollar ('NZD') versus the USD (3% of the Fund). The investment manager believes all the dovish news is already priced into the NZD and believes that the currency will outperform market expectations over the next 6 months.

## Underlying Fund Portfolio Summary

Asset Exposure



Bond Exposure- Sector Allocation



## Important Information

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## Contact Details

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