# Portfolio Changes in September 2026 for Sestante Dynamic Portfolios

## Investment Rationale

The investment case for retaining the GQG Partners Global Equity Fund (Hedged) and Ironbark Brown Advisory Global Share Fund has weakened. While both managers retain credible investment processes, recent portfolio positioning has increased uncertainty around their roles within the global equity allocation. The proposed changes are intended to reduce concentrated manager and style risk, while maintaining global equity exposure through a more balanced combination of systematic and fundamental active management.

Brown Advisory's quality-focused approach has faced increasing challenges from the structural disruption associated with artificial intelligence. The strategy has traditionally favoured companies with durable competitive advantages, high returns on invested capital and predictable earnings. However, AI has increased uncertainty around the sustainability of some established business models, particularly across areas such as payments, data services and other industries vulnerable to technological disruption.

This creates challenges for Brown Advisory's investment process. Companies protecting near-term profitability may continue to meet traditional quality criteria while potentially underinvesting in the technology required to defend their competitive position. Conversely, businesses investing heavily to adapt may experience weaker short-term financial metrics and become less attractive under the manager's traditional framework. The strategy's concentrated portfolio further increases the impact where the durability or valuation of individual holdings is misjudged.

The rationale for retaining GQG has also become less compelling. Having previously been cautious toward the AI-related rally, the manager has subsequently increased exposure across technology, including semiconductor, software and hyperscale-platform companies. The investment rationale and catalysts supporting this repositioning have not been sufficiently clear to provide confidence that it represents a durable evolution of the strategy. This creates some risk that market exposure has increased following an extended period of strong technology performance.

AZ Sestante has therefore decided to allocate the proceeds to the Vinva Alpha Extension Fund and the Barrow Hanley Global Share Fund. Vinva provides a highly diversified systematic portfolio with controlled active risk. Its alpha-extension structure enables the manager to short securities assessed as unattractive and

redeploy capital into higher-ranked long positions, allowing stock-selection signals to contribute from both sides of the portfolio.

Vinva also provides exposure to a broad range of systematic return drivers and should be better positioned in markets where momentum and rapidly changing leadership remain influential. Diversification across several hundred securities, combined with disciplined portfolio construction and risk controls, reduces dependence on individual holdings and complements fundamentally driven managers.

Barrow Hanley provides a complementary fundamental value exposure, targeting companies where valuations do not fully reflect the potential for earnings, cash-flow or balance-sheet improvement. The strategy should provide greater participation if market leadership broadens beyond the largest US technology companies. Its exposure to areas such as financials, industrials, materials and energy also provides diversification away from the expensive growth and quality companies that have dominated recent returns.

Combining Vinva and Barrow Hanley provides a more balanced global equity allocation. Vinva offers broad market participation and reduces the risk of materially lagging momentum-driven markets, while Barrow Hanley provides valuation discipline and greater upside should market leadership broaden. Together, they reduce reliance on a narrow group of highly valued companies and diversify the portfolio across investment styles, security-selection approaches and market environments.

Overall, the trade maintains global equity exposure while improving diversification and reducing concentrated manager risk. It reflects a preference for Vinva's diversified, benchmark-aware systematic approach, complemented by Barrow Hanley's fundamental value exposure, at a time when the range of potential outcomes across global equity markets remains unusually wide.

## Portfolio Changes

The most significant changes were made within the global equities allocation across all five risk profiles. The GQG Partners Global Equity Fund (Hedged) and Ironbark Brown Advisory Global Share Fund were fully exited, with the proceeds used to establish positions in the Vinva Global Alpha Extension Fund and Barrow Hanley Global Share Fund (Hedged). These changes are intended to improve diversification across investment styles and manager approaches, combining Vinva's diversified systematic and alpha-extension strategy with Barrow Hanley's fundamental value approach.

The allocations to the Vanguard MSCI Index International Shares ETF were also increased across all five risk profiles, providing additional broad-market global equity

exposure. This was partly offset by reductions to the Pendal Emerging Market Opportunities Fund across the Moderately Conservative, Balanced, Assertive and Aggressive portfolios, together with reductions to the Vanguard MSCI Index International Shares (Hedged) ETF in the Moderately Conservative, Balanced and Aggressive portfolios.

All other changes within global equities were relatively minor rebalancing.

## New portfolio exposures after September 2026 changes

The following table reflects the current portfolio exposures after the changes were made to the portfolios during the month of September 2026. Note AZ Sestante has traded to the live weights this time and not traded to rounded target weights.

### Sestante Dynamic Portfolios

| | Sestante Dynamic Conservative Portfolio | Sestante Dynamic Moderately Conservative | Sestante Dynamic Balanced Portfolio | Sestante Dynamic Assertive Portfolio | Sestante Dynamic Aggressive Portfolio |
|---|---|---|---|---|---|
| **Cash** | | | | | |
| **Cash** | **27.39** | **11.22** | **3.09** | **4.00** | **2.00** |
| Vanguard Cash Reserve Fund | 25.70 | 9.56 | 1.50 | 2.51 | |
| Platform Cash | 1.69 | 1.66 | 1.59 | 1.49 | 2.00 |
| **Defensive** | | | | | |
| **Australian Fixed Interest** | **30.56** | **26.04** | **17.49** | **2.47** | **0.00** |
| Janus Henderson Tactical Income Fund | 8.60 | 8.08 | 5.04 | 0.50 | |
| Western Asset Australian Bond Fund | 10.92 | 8.93 | 5.94 | 0.98 | |
| Yarra Australian Bond Fund | 11.04 | 9.03 | 6.51 | 0.99 | |
| **Global Fixed Interest** | **12.91** | **11.91** | **7.43** | **0.98** | **0.00** |
| Macquarie Dynamic Bond Fund | 6.43 | 5.93 | 3.45 | 0.49 | |
| PIMCO Global Bond Fund | 6.48 | 5.98 | 3.98 | 0.49 | |
| **Growth** | | | | | |
| **Australian Equities** | **8.38** | **17.28** | **27.72** | **37.60** | **41.36** |
| iShares Core S&P/ASX 200 ETF | 3.65 | 6.77 | 11.45 | 15.07 | 16.38 |
| Paradice Australian Equities Fund | 1.54 | 3.61 | 5.66 | 7.70 | 8.16 |
| Schroder Australian Equity Fund | 1.58 | 3.68 | 5.25 | 7.34 | 8.37 |
| Yarra Ex-20 Australian Equities Fund | 1.61 | 3.22 | 5.36 | 7.49 | 8.45 |
| **Global Equities** | **16.31** | **24.13** | **31.31** | **40.04** | **45.40** |
| Barrow Hanley Global Share Fund (Hedged) | 1.69 | 2.47 | 3.18 | 4.07 | 4.58 |
| Vinva Global Alpha Extension A | 2.44 | 3.61 | 4.69 | 6.00 | 6.81 |
| GQG Partners Global Equity Fund (Hedged) | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Ironbark Brown Advisory Global Share Fund | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| iShares S&P 500 (Hedged) ETF | 1.55 | 2.06 | 3.08 | 3.08 | 4.64 |
| Pendal Emerging Market Opportunities Fund | 1.00 | 1.64 | 2.45 | 3.26 | 3.31 |
| Vanguard All-World ex-US Shares Index ETF | 1.00 | 1.49 | 1.98 | 1.98 | 2.96 |
| Vanguard MSCI Index Int Shares (Hedged) ETF | 2.11 | 1.88 | 1.61 | 3.80 | 6.14 |
| Vanguard MSCI Index International Shares ETF | 5.03 | 8.50 | 11.34 | 13.89 | 12.51 |
| Yarra Global Small Companies Fund | 1.49 | 2.48 | 2.98 | 3.96 | 4.45 |
| **Real** | | | | | |
| **Global Infrastructure** | **4.45** | **8.41** | **7.90** | **9.86** | **6.32** |
| VanEck FTSE Global Infrastructure (Hedged) ETF | 4.45 | 8.41 | 7.90 | 9.86 | 6.32 |
| **Global Property** | **0.00** | **1.01** | **5.06** | **5.05** | **4.92** |
| VanEck FTSE International Property (Hedged) ETF | 0.00 | 1.01 | 5.06 | 5.05 | 4.92 |
| **Grand Total** | **100.00** | **100.00** | **100.00** | **100.00** | **100.00** |