# Sestante Dynamic Conservative Portfolio

## Monthly Investment Report

As of 31/10/2026



## Latest performance*

| | 1-mth | 3-mths | 1-yr | 3-yr | 5-yr | Inception |
|---|---|---|---|---|---|---|
| Sestante Dynamic Conservative | 0.86 | 0.50 | 3.22 | 7.07 | 4.02 | 3.96 |
| RBA Cash Rate + 2% p.a. | 0.57 | 1.65 | 6.31 | 6.38 | 5.56 | 4.49 |

## Market Review

October brought a sharp change in market leadership. Growing doubts over whether the enormous sums being spent on artificial intelligence (AI) infrastructure will generate adequate returns triggered a sell-off in technology and semiconductor shares, while renewed conflict in the Gulf pushed Brent crude above US$115 a barrel. Despite the energy shock, investors sought safety in high-quality government bonds, which rallied strongly after September's sharp sell-off. Central banks largely stood still, with the US Federal Reserve holding rates at 3.75% to 4.00%, and the European Central Bank and Bank of Japan also leaving policy unchanged.

Global shares (MSCI ACWI ex-Australia) fell 1.5% in hedged terms, while unhedged investors fared worse, losing 2.8% as currency movements added to the decline. The headline weakness concealed a broad rotation. Among developed markets, energy (+12.8%), consumer staples (+10.7%), health care (+9.9%) and utilities (+7.9%) led the way, while technology (-7.0%) and communication services (-13.5%) lagged. Value stocks gained 2.7%, whereas growth stocks fell 4.2%. In the US, the equal-weighted S&P 500 rose 5.0%, well ahead of the headline index (-0.9%), as large technology names including Alphabet (-18.7%), Meta (-15.2%), Nvidia (-10.4%) and Broadcom (-7.2%) weighed on returns. Global semiconductors slumped 13.7%, although software edged up 0.9%.

The UK was among the strongest major markets, with the FTSE All-Share up 1.1% thanks to its energy and defensive exposure, while MSCI Europe ex-UK gained 0.7%. European financials fell 5.4% amid fiscal and political concerns in France. Japan's Nikkei 225 dropped around 5% following a mid-month sell-off in semiconductor stocks. Emerging markets were hit hardest, falling 8.0%. Technology-heavy Korea (-15.6%) and Taiwan (-8.4%) sold off, Hong Kong's Hang Seng lost around 6%, China's CSI 300 posted an 11th consecutive weekly decline, its longest losing streak on record, and Brazilian equities slumped following the presidential election.

Australian shares bucked the global trend, with the S&P/ASX 300 Accumulation Index rising 1.1% and recovering part of September's losses.

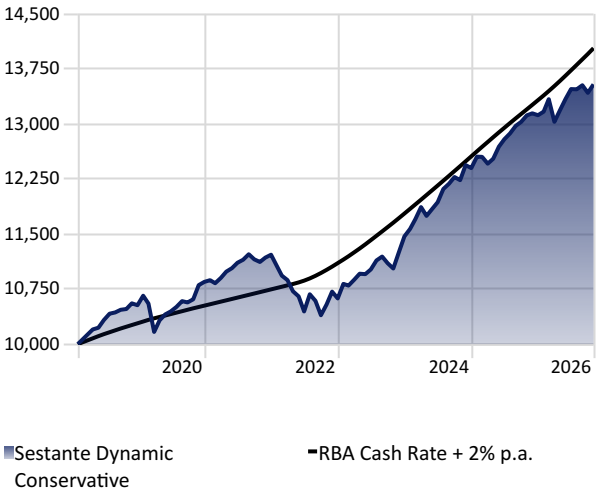
Real assets also performed well. Hedged global infrastructure surged 8.8% and hedged global property rose 2.6%. Gold retreated from record levels to trade below US$4,000 an ounce.

Government bonds rallied as yields retreated by roughly 0.20% to 0.30% across the US, UK, and Germany, with the US 10-year Treasury yield easing from 5.29% to around 5.03%. Australian bonds returned 1.2% and hedged global bonds gained 1.8%, while US Treasuries returned 2.4%. French bonds were the exception, as fiscal worries widened their yield spread over German Bunds. Global investment-grade credit rose 1.3% and global inflation-linked bonds gained 1.8%.

October underlined the value of diversification, with gains in defensive sectors, government bonds and infrastructure helping to offset steep falls in technology stocks and emerging markets.

For a detailed market review and outlook, please refer to the Monthly Market Commentary document available on www.azsestante.com/investment-options

## $10,000 invested over time




### Portfolio information

- Investment Objective:
  target RBA cash rate +2.0% per annum over rolling 3-year periods after fees.
- Asset Class: Diversified
- 30% Growth / 70% Defensive Split
- Portfolio Inception Date: 7 February 2019

Source: Morningstar Direct

## ESG Risk Score

Sestante Dynamic Conservative

**Corporate ESG Risk Score**




**Sovereign ESG Risk Score**




## ESG Pillar Score

4.4 Environmental

8.5 Social

4.8 Governance

1.6 Unallocated

## Major Index Returns

| | 1 Month | 3 Months | 6 Months | 1 Year | 3 Years |
|---|---|---|---|---|---|
| S&P/ASX 200 TR AUD | 1.38 | 0.45 | 4.60 | 3.69 | 13.35 |
| MSCI World Ex Australia GR AUD | -1.92 | 0.49 | 7.46 | 4.69 | 18.66 |
| Bloomberg AusBond Composite 0+Y TR AUD | 1.16 | 0.07 | 2.22 | 0.39 | 4.60 |
| Bloomberg Global Aggregate TR Hdg AUD | 1.76 | 0.24 | 0.40 | 0.43 | 4.48 |
| S&P Global Infrastructure NR AUD | 5.71 | -1.48 | -0.43 | 3.17 | 15.50 |

**Important information**

*Past performance is not a reliable indicator of future performance. Performance is calculated before taxes, model management and platform fees and after underlying investment management fees. For full details of fees please refer to the relevant platform offer documents. Performance is notional in nature and an individual investor's actual performance may differ to the that of the model portfolio. Investment performance is shown from 7/2/2019 and represents modelled performance only and assumes income received is reinvested.

The Morningstar Historical Corporate Sustainability Score is a weighted average of the trailing 12 months of Morningstar Portfolio Corporate Sustainability Scores. Historical portfolio scores are not equal-weighted; rather, more-recent portfolios are weighted more heavily than older portfolios. Combining the trailing 12 months of portfolio scores adds consistency while still reflecting portfolio managers' current decisions by weighting the most recent portfolio scores more heavily.

ESG pillar scores are displayed as a number between 0 and 50 with most scores range between 0 and 25. It is the asset-weighted average of the company environmental, social, governance risk scores for the covered corporate holdings in a portfolio. The scores measure the degree to which a company's economic value may be at risk driven by environmental, social, and governance factors. The risk represents the unmanaged risk exposure after taking into account a company's management of such risks.

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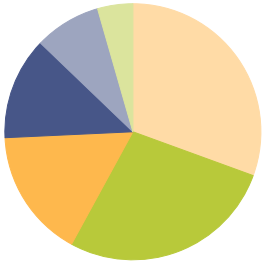
## Current Asset Allocation

Portfolio Date: 31/10/2026



| | % |
|---|---|
| Australian Fixed Income | 30.56 |
| Cash | 27.39 |
| International Equities | 16.31 |
| International Fixed Income | 12.91 |
| Australian Equities | 8.38 |
| Global Infrastructure | 4.45 |
| **Total** | **100.00** |

## Where your funds are invested

| | | |
|---|---|---|
| **Australian Fixed Income** | **30.56** | — |
| Yarra Australian Bond Fund | 11.04 | — |
| Western Asset Aus Bond Tr M | 10.92 | |
| Janus Henderson Tactical Income | 8.60 | |
| **Cash** | **27.39** | — |
| Vanguard Cash Reserve | 25.70 | — |
| Cash | 1.69 | — |
| **International Equities** | **16.31** | — |
| Vanguard MSCI Intl ETF | 5.03 | |
| Vinva Global Alpha Extension A | 2.44 | — |
| Vanguard MSCI Intl (Hdg) ETF | 2.11 | |
| Barrow Hanley Global Share S Hdg | 1.69 | |
| iShares S&P 500 AUD Hedged ETF | 1.55 | |
| Yarra Global Small Companies Fund | 1.49 | |
| Pendal Global Emerging Mkts Oppes - WS | 1.00 | |
| Vanguard All-World ex-US Shares ETF | 1.00 | |
| **International Fixed Income** | **12.91** | — |
| PIMCO Global Bond W | 6.48 | |
| Macquarie Dynamic Bond No.1 W | 6.43 | — |
| **Australian Equities** | **8.38** | — |
| iShares Core S&P/ASX 200 ETF | 3.65 | |
| Yarra Ex-20 Australian Equities Fund | 1.61 | |
| Schroder Australian Equity Fund - PC | 1.58 | |
| Paradice Australian Equities Fund | 1.54 | |
| **Global Infrastructure** | **4.45** | — |
| VanEck FTSE Glbl Infras(AUD Hdg)ETF | 4.45 | |
| | 100.00 | |

**Morningstar's Globe Ratings** are just one tool that can help investors work out a fund's ESG credentials. A 5 Globe Rating indicates a fund is at the top end of its peer group in terms of sustainability, while a 1 Globe Rating shows it is underperforming on sustainability issues.

## Portfolio changes

There were no portfolio changes this month.

AZsestante azimut group



Source: Morningstar Direct