Azimut Investments High Conviction Global Equities SMA

Monthly Investment Report
As of 30/04/2023

Investment Objective:
The portfolio aims to achieve a return of 2%p.a. in excess of the MSCI World Ex Australia Index, over the medium to long term (before fees).

Asset Class:
Global Equities

Currency:
Unhedged

Number of Holdings:
15-35

Minimum Suggested Timeframe:
5 years

Estimated Total Cost:
HUB24 (AZS007): 0.7175% p.a before transaction costs and platform fees
Mason Stevens: 0.635% p.a. before transaction costs and platform fees

Minimum Initial Investment:
$50,000

Latest Performance

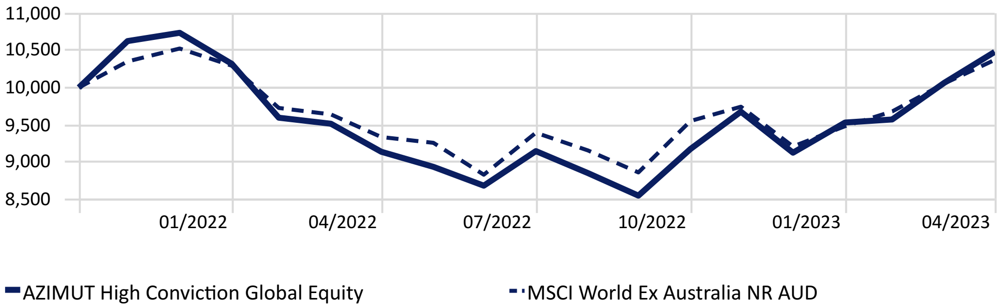
	1-mth	3-mths	6-mths	1-yr
AZIMUT High Con Global Equity	4.13	9.97	14.24	14.70
MSCI World Ex Australia NR AUD	3.16	9.40	8.61	11.12

*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 1/11/2021 and represents modelled performance only and assumes income received is reinvested.

Investment Approach

The portfolio employs a combination of top down and bottom-up analysis. The process seeks to exploit market trends, strength of trends and potential turning points to make statistically favourable decisions. The portfolio strategy is based on identifying stocks with the highest expected risk adjusted returns in the current market conditions. This view is obtained through a combination of top down and bottom-up analysis and leads the portfolio to exhibit different styles and factors depending on market conditions. Both fundamental as well as quantitative approaches are applied which helps filter the stock universe.

$10,000 invested over time



Sustainability Score

● AZIMUT High Conviction Global Equity

Corporate Sustainability Score

0 — 20.3 — 50
Low Risk / Severe Risk

Sovereign Sustainability Score

0 — 50
Low Risk / Severe Risk

ESG Pillar Score

3.9 Environmental
8.8 Social
7.4 Governance
0.0 Unallocated

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. The group manages over AU$55 billion in assets globally including over AU$6 billion in multi-manager solutions.

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Source: Morningstar Direct

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Top 10 Holdings

Portfolio Date: 30/04/2023

	%
Microsoft Corp	5.24
Alphabet Inc Class A	5.19
Apple Inc	5.06
JPMorgan Chase & Co	4.86
LVMH Moet Hennessy Louis Vuitton SE	4.15
Toyota Motor Corp	3.95
ASML Holding NV	3.89
ConocoPhillips	3.83
Bank of America Corp	3.72
Costco Wholesale Corp	3.65

Equity Sectors

Portfolio Date: 30/04/2023

Basic Materials	2.97
Consumer Cyclical	12.03
Financial Services	19.14
Real Estate	0.00
Consumer Defensive	7.33
Healthcare	12.84
Utilities	3.97
Communication Services	6.99
Energy	3.96
Industrials	11.01
Technology	19.75

Regional Exposure

Portfolio Date: 30/04/2023

North America	64.12%
Latin America	0.00%
United Kingdom	1.24%
Europe Developed	26.42%
Europe Emerging	0.00%
Africa/Middle East	0.00%
Japan	4.09%
Asia Developed	2.52%
Asia Emerging	1.62%

Important information

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 100 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.

Source: Morningstar Direct

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Market Commentary - April

The financial market narrative over the past few weeks has shifted from being entirely focused on inflation to increasing systemic risks. The announcement of the takeover of First Republic Bank by JPMorgan did not have the expected effect of reducing concerns on regional banks. The risk associated with tighter credit conditions and rising interest rates, whose effects have yet to completely unfold, have raised fears over a potential recessionary impact on the global economy going forward. Growth is back in the limelight after the latest macro data, coming especially from the US, seems to suggest a phase of stagnation during the second half of 2023. The US economy is facing major headwinds coming from the slowdown in manufacturing activities and world trade. Indeed, in recent months, manufacturing business confidence indicators have weakened on both sides of the Atlantic, although they are still not suggesting the onset of a recession (see US labour market and earnings released by some big tech names). On the contrary, business confidence and services remained strong, suggesting the underlying strong domestic demand. The expected decline in inflation in Europe and the US continues to be slower than expected, especially in the Eurozone. Regarding the US the slowdown is well evident in the total number on a year-on-year basis (5% in March down from 6% in February), while the core inflation remains stickier posting an increase to 5.6% y/y from 5.5% y/y in February). Compared to the US, the inflation cycle in the Eurozone seems to lag a few months behind. The overall index in April rose unexpectedly (7% from 6.9% in March), while the core figure slowed slightly in line with expectations (5.6% down from 5.7%). As opposed to the US the level of core inflation in Europe has not yet formally peaked. China's April manufacturing PMI surprised to the downside (after four positive months), returning to contraction territory (49.2 from 51.9), while the non-manufacturing PMI remained strong (56.4 from 58.2). These figures are quite interesting in that the former is more closely linked to economic trends in developed countries, while the latter is more linked to domestic consumers.

Turning to monetary policy, reducing inflation remains the CB's principal objective. The core indices continue to show much stronger year on year increases than those indicated by the general inflation number. The latest Fed minutes highlighted that the banking sector crisis could lead to a "mild recession," but FOMC officials remain in favour of "additional policy firming." For the eurozone, the ECB is likely to engage toward a continuation of rate hikes. Having said that, the Fed seems closer to reaching its target rate, with a final upward adjustment of 25bp expected in early May, while for the ECB the market is expecting three more hikes, totalling an additional 75bp between now and September. While waiting for the central banks to complete the current round of hikes, rates have shown an overall stability and a consequent reduction in volatility over the month.

The 10-year Treasury yield closed just under 3.5%, while the 2-year fell to around 4%, just below last month's levels. Renewed concerns over the US regional banks revamped the flight-to-quality trade (particularly vs the German Bund), which eventually closed the month at unchanged levels. The BTP spread continued to trade within the 180-190pb corridor, pending Moody's assessment mid-May. The credit market has witnessed a gradual and steady recovery in the number of new deals, where good -quality blue chip names (eg. LVMH, Porsche) have been the focus of investors' attention. Financial sector issuers were more on the sidelines. It's worth mentioning that a few riskier credit names came to the market thanks to spread levels that have almost completely reabsorbed the highs of the banking sector turmoil. The secondary market on the other hand continues to be characterized by below-average volumes, while IG index spreads have returned roughly to pre-SVB bankruptcy levels.

As far as currencies go, the US dollar continued to weaken in a scenario of a slowdown in the U.S. economy. The Euro/USD cross closed around the recent year lows (around 1.10), As opposed the Gilt closed the month on a higher note, on the back of the latest UK CPI figures. The Japanese Yen continued to weaken (the cross vs. euro broke the strong resistance band in the 150 area), in an environment of rising yield differentials in favour of western rates. Falling oil prices weighed on oil currencies such as the Norwegian krone.

Looking to commodities, the unexpected weakness in China's manufacturing PMI negatively impacted several commodities, including oil, weighed down also by the recent weakness in U.S. macro data. As a result, the Brent closed the month below $80/b, levels of prior to the OPEC+ production cut (effective from this month). The portfolio still prefers developed markets to emerging markets and quality companies with high return on capital. Asian exposure is represented via the overweight in Europe in particular through companies generating revenues in Asian markets.

Among the best three names during March were Enel, Abbott and Kone, while among the worst three names were Tencent, ASML and Taiwan Semiconductor.

Source: Morningstar Direct