Azimut Investments High Conviction Global Equities SMA

Monthly Investment Report
As of 30/09/2022

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

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.

Jacqui Veitch
Business Development Manager
M: 0497 695 459
E: Jacqui.Veitch@azsestante.com
Azimutinvestments.com.au

Latest Performance

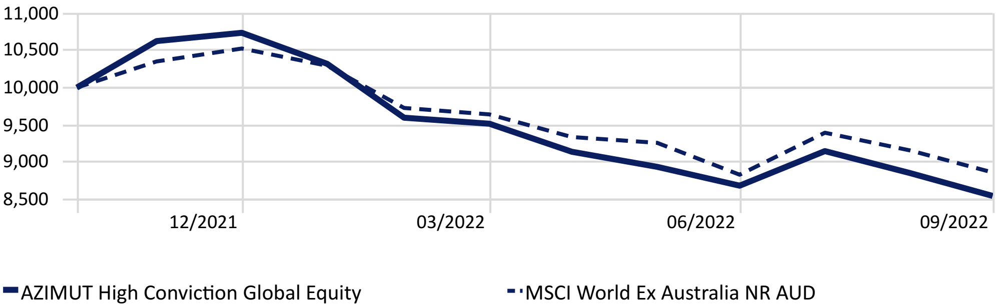
	1-mth	3-mths	6-mths	1-yr	Inception
AZIMUT High Con Global Equity	-3.47	-1.59	-10.21	—	—
MSCI World Ex Australia NR AUD	-3.23	0.35	-8.11	-9.79	14.90

*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

20.2

0 50

Low Risk Severe Risk

Sovereign Sustainability Score

0 50

Low Risk Severe Risk

ESG Pillar Score

4.2 Environmental

8.9 Social

7.4 Governance

0.0 Unallocated

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Top 10 Holdings

Portfolio Date: 30/09/2022

	%
Alphabet Inc Class A	4.87
Microsoft Corp	4.73
Apple Inc	4.69
LVMH Moet Hennessy Louis Vuitton SE	4.64
JPMorgan Chase & Co	4.38
Toyota Motor Corp	4.21
L'Oreal SA	4.20
Costco Wholesale Corp	4.19
Allianz SE	3.94
Bank of America Corp	3.85

Equity Sectors

Portfolio Date: 30/09/2022

Basic Materials	2.93
Consumer Cyclical	9.19
Financial Services	17.54
Real Estate	0.00
Consumer Defensive	8.72
Healthcare	14.24
Utilities	4.23
Communication Services	6.33
Energy	3.57
Industrials	11.57
Technology	21.69

Regional Exposure

Portfolio Date: 30/09/2022

North America	60.79%
Latin America	0.00%
United Kingdom	1.08%
Europe Developed	29.75%
Europe Emerging	0.00%
Africa/Middle East	0.00%
Japan	4.37%
Asia Developed	2.74%
Asia Emerging	1.27%

Market Commentary - September

September confirmed the Central Banks' aggressive approach in the fight against inflation and the consequential rise of government yields. While stock markets began to incorporate expectations of recession in 2023 on both sides of the Atlantic. In the meantime, in Europe, the energy situation has started to heat up after what appears to be a sabotage of the Nord Stream gas pipelines. To make the situation even worse, the announcement of the UK new financial plan caused a real block on the prices of British bonds and on the pound, which forced the Bank of England to intervene to restore market conditions by purchasing long-term securities and postponing quantitative tightening plans.

The latest US macro data has painted a mixed picture. The PMI, in particular the Services, surprised on the upside, thanks mainly to an increase in new orders. Meanwhile the positive data on unemployment, which was lower than expected, supports the idea of a still robust labour market helping the FED to continue with the increase of the rates. The inflation has again surprised by rising, both on the headline figure at 8.3% y/y (vs 8.1% expected), and on the core figure at 6.3% (vs 6.1% expected). The prices' dynamics continue to push on the companies' margins, while the rising of interest rates is starting to impact the real estate markets, as shown by the drastic reduction of mortgage applications. Looking at the Eurozone, the GDP growth is not very encouraging as the industrial production was reduced by 2.5%, while the PMI index decreased to 48.2 (which is the lowest since January 2021).

In terms of monetary policies, the rates increased quickly, which was a shared decision by almost all central banks. The Fed, as expected, has implemented the third consecutive increase of 75bps, however, the hawkish indications on the trajectory of the next increase were very surprising. The median expectation now is that Fed Funds will rise to 4.4% by the end of this year, to then remain at 4.6% at the end of 2023 and finally gradually decrease to 2.9% in 2025. The message is very clear. The Fed intends to continue with the strategy of the increase in rates to try to counter the possibility that the inflation will remain high for a long time even at the cost of a recession, which is now very likely.

Also, from the ECB side, the need of a 75bp rise in the next meeting is still persistent. On the other hand, the Bank of Japan decided to maintain the current level of rates, thus contributing to further increase the differential rate and weaken the domestic currency.

About the bond markets, the race in eurozone government yields continues. This was impacted by the collapse of the British Gilt market following the presentation of the massive fiscal plan launched by the new government fully financed by new public debt. The market flattening of interest rate curves also continues. In the US where the trend was more striking, the curve in the 2-10 year segment has reached the highest degree of inversion since the early 1980s.

With regard to currencies, the dollar appreciation has not stopped, which was also intensified after the FED meeting. The US currency has reached a new record, up to 0.9554, and then closed the month again at around 0.98. The fiscal plan announced by the UK government caused a severe blow to the pound, which fell to a low of 1.0350 against the dollar, only to retrace marginally after the BoE intervention. The yuan continues to remain under pressure at its lowest since 2008 against the dollar, despite the intervention of the PBoC.

The tensions on the market weigh on many raw materials, including oil, which returned to trading at around 86$ / b. The price of TTF gas also fallen since it reached over 200€/Mwh because of the massive damage to the two north gas pipelines. At the end of the month it closed at 165€/Mwh.

The portfolio during the month dynamically managed the geographical and sectorial exposure, preferring developed markets to emerging markets and quality companies with high return on capital.

Among the best three names during September were Roche, Kone and Halma. While among the worst three names were Nvdia, Tencent and Taiwan Semiconductor.

We have created a new position in Visa rececently while we sold ServiceNow which reduced our exposure to mid caps in favour of large caps. ServiceNow had lost momentum in the last number of months and we see Payments sector as much more resilient than Software Infrastructure in the short term.

We maintain a positive outlook on financials companies (recently we increased US bank exposure via JPMorgan and Bank of America). Since the interest rate movement did not reflect in Financial names we expect strength on the sector relative to the benchmark.

As of the end of September cash was around 3.5%.