Azimut Investments High Conviction Global Equities SMA

Monthly Investment Report
As of 30/11/2022

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

Latest Performance*

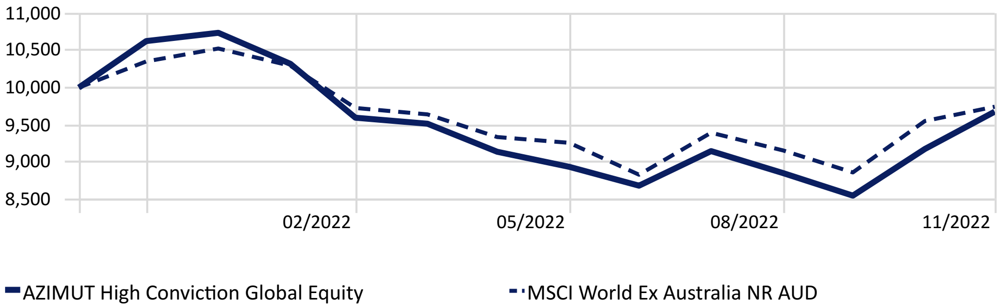
	1-mth	3-mths	6-mths	1-yr	Inception
AZIMUT High Con Global Equity	5.47	9.34	8.31	-8.94	—
MSCI World Ex Australia NR AUD	2.02	6.43	5.25	-5.89	26.37

*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

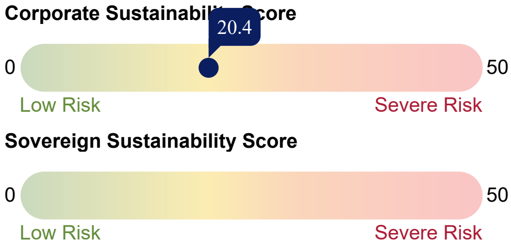
The portfolio employs a combination of top down and bottom-up analysis. The process seeks to exploit market trends, strength of trends and potential turning points to make statistically favourable decisions. The portfolio strategy is based on identifying stocks with the highest expected risk adjusted 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



ESG Pillar Score

4.0 Environmental
8.9 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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Top 10 Holdings

Portfolio Date: 30/11/2022

	%
Alphabet Inc Class A	5.12
Microsoft Corp	4.86
JPMorgan Chase & Co	4.83
Apple Inc	4.70
LVMH Moet Hennessy Louis Vuitton SE	4.63
Bank of America Corp	4.36
Toyota Motor Corp	4.33
L'Oreal SA	3.98
Costco Wholesale Corp	3.75
Visa Inc Class A	3.74

Equity Sectors

Portfolio Date: 30/11/2022

Basic Materials	3.31
Consumer Cyclical	12.10
Financial Services	19.50
Real Estate	0.00
Consumer Defensive	7.99
Healthcare	13.84
Utilities	3.55
Communication Services	6.40
Energy	3.47
Industrials	10.30
Technology	19.55

Regional Exposure

Portfolio Date: 30/11/2022

North America	63.76%
Latin America	0.00%
United Kingdom	1.20%
Europe Developed	26.89%
Europe Emerging	0.00%
Africa/Middle East	0.00%
Japan	4.48%
Asia Developed	2.58%
Asia Emerging	1.10%

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.

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Market Commentary - November

November was a very strong month for markets, with broad-based gains across equities, credit, sovereign bonds and commodities. The positive momentum was propelled by several factors, including signs that inflation is beginning to ease across the key economies, with downside surprises from both the US and the Euro area in the latest data. In the meantime, there were further signs that China was inching away from its zero Covid strategy, leading to a massive outperformance from Chinese assets.

In Asia positive developments in the real estate industry and, most importantly, the plan to boost senior vaccination and an easing in the Zero Covid policy after the recent social events, helped the overall positive sentiment. On the macro front the past weeks saw a mixed set of data out of the US with a lower-than-expected CPI, strong retail sales and – on average – a picture of a slowing economy described by forward looking indicators such as LEI and Philly Fed.

The biggest event though was a softer than expected CPI readings: both headline (7.7% YoY vs 8.2% YoY) and core (6.3% yoy vs 6.6% YoY) fell below expectations triggering the biggest rally in US stocks since March 2020. While one single data point is not enough to change the picture, the composition of the CPI depicted some encouraging developments, particularly in relation to healthcare and housing, the largest and stickier components of the core indicator. On the same note, job openings declined in October in line with expectations, suggesting that the labour market remains very tight but provided some signs that gradual normalization is underway. The US PMI signalled its quickest contraction since 2009 with new orders across the private sector falling at the fastest pace since the initial pandemic wave.

In Europe PMI indicators came out, on average, slightly better than expectations.
The long -awaited Eurozone CPI figure eased to 10.0% YoY in November (vs 10.6%yoy in October), mainly on lower energy and fresh food prices. Core inflation was broadly unchanged at 5.0% yoy, with marginal easing of services inflation largely offset by non-energy goods.

As far as monetary policy is concerned the Fed was more dovish than the market expected by signalling that it is willing to slow the pace of tightening as early as next month (50bp hike in Dec). Despite this, Powell warned there was little clarity on how high rates will need to rise given the path ahead for inflation "remains highly uncertain" hence the Fed will need restrictive policy for "some time". Investors are now more confident of a dovish terminal rate (slightly below 5% in 2023).

In Europe, ECB officials kept on stressing the need to keep the normalization process going, although paying attention to the deteriorating picture of the economy suggesting a hike of 50bp in December. The market is now pricing the ECB to raise rates by another 100bps bringing peak rates to around 3% next year. In relation to government rates, Powell speech led to a further rally in Treasuries, with the 10yr yield coming down to 3.60%, which is its lowest level in a couple of months. Furthermore, the decline seems to be driven by real yields.

With respect to currencies November has seen the largest correction in the US dollar against the G10 currencies since the rally started in Jun 2021. Expectations of the Fed reducing the pace of rate hikes has led investors to pare back their long USD positions which has seen the euro/dollar cross sold off. In Asia the CNY staged a nice rebound on expectation of a more reasonable zero-Covid policy.
As far as commodities goes, oil prices continued to trend lower (85$/B) on the failure of EU countries to agree on a Russian oil price cap which is significantly lower than current market price. TTF gas has rebounded to 140 €/Mwh due to the harsh winter temperatures that are hitting Northern Europe.

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 November were Tencent, Taiwan Semiconductor and Nvidia while among the poorer performers were Roche, Apple and Toyota. We continue to maintain a positive outlook on financial companies where we expect strength in the sector relative to the benchmark. As of the end of November we have cash of roughly 3.5%.