Azimut Investments High Conviction Global Equities SMA

Monthly Investment Report
As of 28/02/2023

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

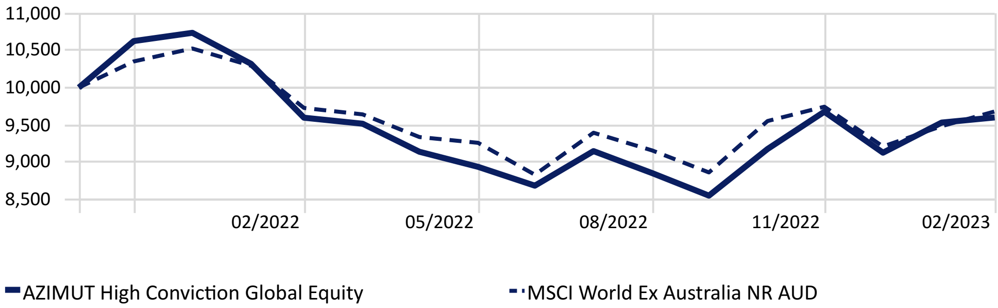
	1-mth	3-mths	6-mths	1-yr
AZIMUT High Con Global Equity	0.72	-0.80	8.46	0.04
MSCI World Ex Australia NR AUD	2.09	-0.65	5.73	-0.48

*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

20.4

0 — 50

Low Risk — Severe Risk

Sovereign Sustainability Score

0 — 50

Low Risk — Severe Risk

ESG Pillar Score

3.9 Environmental

8.9 Social

7.3 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: 28/02/2023

	%
Apple Inc	5.26
JPMorgan Chase & Co	5.05
Microsoft Corp	4.97
Alphabet Inc Class A	4.44
Bank of America Corp	4.40
LVMH Moet Hennessy Louis Vuitton SE	4.39
Toyota Motor Corp	4.14
NVIDIA Corp	3.85
L'Oreal SA	3.78
Costco Wholesale Corp	3.76

Equity Sectors

Portfolio Date: 28/02/2023

Basic Materials	2.95
Consumer Cyclical	12.11
Financial Services	18.79
Real Estate	0.00
Consumer Defensive	7.81
Healthcare	13.42
Utilities	3.42
Communication Services	5.93
Energy	3.45
Industrials	10.88
Technology	21.25

Regional Exposure

Portfolio Date: 28/02/2023

North America	63.96%
Latin America	0.00%
United Kingdom	1.22%
Europe Developed	26.27%
Europe Emerging	0.00%
Africa/Middle East	0.00%
Japan	4.29%
Asia Developed	2.93%
Asia Emerging	1.33%

Market Commentary - February

After having anticipated a reversal of the tightening cycle as early as this year, investors have begun to question the trajectory of interest rates (namely in the United States), in the light of an economy which is proving to be more resilient than expected. This shift has also been fuelled by evidence of a slower deceleration in the pace of inflation, thus justifying a continuation of monetary tightening and higher terminal interest rates than previously assumed. The global cyclical news has continued to improve in recent weeks, shifting market worries rapidly from recession back to overheating.

The United States confirmed an upbeat picture. Looking at the labour market, more than 500k new jobs were created in January, pushing the unemployment rate to its lowest in 53 years (3.4%). Retail sales and industrial production were significantly better than estimates, while producer and consumer prices came out above expectations, interrupting the trend of positive surprises on the inflation front and throwing cold water on the hopes of a rapid convergence towards the Fed's target. US inflation continued to decelerate in January but at a slower pace than expected due to services and housing, underscoring the persistence of inflationary pressures. Headline CPI y/y slowed to 6.4% (vs consensus expectation of 6.2%), while core CPI rose by 5.6%.

Turning to the Eurozone, PMI fell to 48.5 in February from 48.8 in January. Conversely, the services index rebounded to 53 in February, up from 50.8 the previous month, well above expectations of 51. These releases highlight a clear divergence between the two types of activity over the past few months. This dichotomy, which can also be observed in the United States with the recent publication of the ISM surveys, reflects the supply problems faced by the industry since2020.

The continued decline in natural gas prices contributed to reducing inflationary pressures in Europe. Core CPI however remains elevated on the back of resilient services' inflation (wage) and a still strong labour market will see several ECB members stay the course on the ECB monetary tightening policy. The index recorded an 8.5% y/y increase, above the 8.3% expected and slightly below the 8.6% recorded in January. Excluding energy and food, the index reached a new historical high of 5.6%.

Similarly, in Japan, inflation also continued to accelerate (4.3% in January from the previous 4%) although core inflation was below expectations (4.2% from 4% and vs. 4.3% expected)

As China continues its exit from its zero Covid policy, January inflation data recorded a moderate increase of+2.1%y/y, while PPI surprised with a higher level of deflation of -0.8%. The Caixin PMI, rose from 52.9 to 55 in February, reaching its highest level since August 2022. The fast reopening following the Covid-related policy change helped boost confidence and demand.

Robust macro data continued to fuel a very hawkish rhetoric from Central banks. In the United Stated several Fed officials stressed the need for continued monetary tightening. As such the market-implied Fed terminal rate (pivot) reached 5.3% for Fed Fund July future contract, up from 4.9% at the start of the year. Similarly, the latest inflation prints in Europe confirm the pressure on the ECB to maintain its restrictive monetary policy in order to control inflation. Markets are expecting a terminal rate of 4% in December versus 3.30% expected for the same maturity in early February.

In fixed income all the above translated into an upward acceleration on yields. The Treasuries curve rose along all maturities although the movement mainly affected the short end, with the 2-year rate steadily back above 4.80% (for the first time since 2007), thus accentuating the inversion in the 2 /10-year segment. In the Euro Area, yields moved in line with U.S. yields in an environment where ECB hawks raised their voices.

Turning to currencies the market witnessed a reversal of the US dollar's bearish trend against major currencies. The prospect of higher US rates for longer has supported the USD. After an initial appreciation, the yen weakened after the newly elected BoJ Governor confirmed a continuation of an ultra-accommodative policy. The British pound weakened after the BoE stated that the rate hike is beginning to impact the economy and that nothing is currently decided on the future path of the hike. Among emerging market currencies, the Brazilian real strengthened on evidence of reduced tensions between the government and the central bank.

Looking at commodities, the brent crude oil price has stabilized between$ 80 and $90 despite a stronger demand in China. European natural gas prices continued to fall from their peak in August 2022 to below EUR50/MWh for the first time in 18 months, i.e. before the war in Ukraine. This drop-in prices since their peak was made possible by a milder than expected winter, which resulted in sufficient natural gas reserves.

The portfolio during the month dynamically managed its geographical and sectorial exposure, still preferring 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 February were Nvidia, Novo Nordisk and JPMorgan. While among the worst three names were ConocoPhillips, Tencent and Alphabet. A number of positions were rebalanced over the month without changing the overall sector exposure. As of the end of January the portfolio held around 3.75% in cash, slightly up on the previous month.