Azimut Investments High Conviction Global Equities SMA

Monthly Investment Report
As of 31/07/2023

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

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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Latest Performance

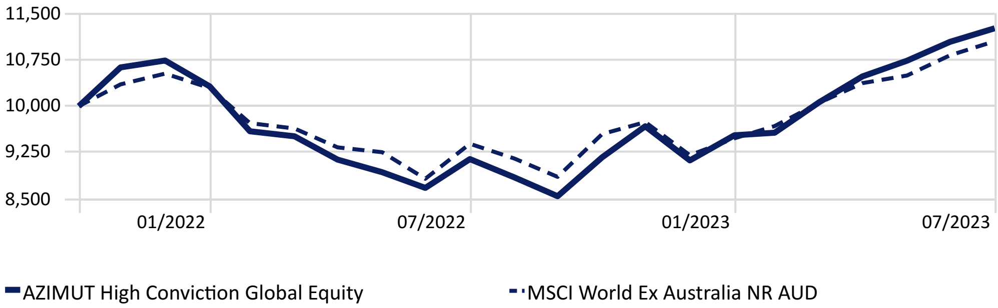
	1-mth	3-mths	6-mths	1-yr
AZIMUT High Con Global Equity	1.98	7.42	18.13	23.10
MSCI World Ex Australia NR AUD	2.09	6.52	16.53	17.62

*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

3.9 Environmental	8.9 Social
7.4 Governance	0.0 Unallocated

Source: Morningstar Direct

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Top 10 Holdings

Portfolio Date: 31/07/2023

	%
Alphabet Inc Class A	5.43
Apple Inc	5.03
JPMorgan Chase & Co	4.83
LVMH Moet Hennessy Louis Vuitton SE	4.35
Costco Wholesale Corp	4.34
Microsoft Corp	4.34
ASML Holding NV	4.30
Toyota Motor Corp	4.28
ConocoPhillips	4.03
The Home Depot Inc	3.74

Equity Sectors

Portfolio Date: 31/07/2023

Basic Materials	2.56
Consumer Cyclical	12.78
Financial Services	18.58
Real Estate	0.00
Consumer Defensive	7.28
Healthcare	13.34
Utilities	3.02
Communication Services	7.38
Energy	4.17
Industrials	10.40
Technology	20.48

Regional Exposure

Portfolio Date: 31/07/2023

North America	62.76%
Latin America	0.00%
United Kingdom	1.16%
Europe Developed	26.20%
Europe Emerging	0.00%
Africa/Middle East	0.00%
Japan	4.43%
Asia Developed	3.69%
Asia Emerging	1.77%

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

Market Commentary - July

During the month of July markets continued to display an overall positive mood. The stock markets both in Europe and the U.S. were supported by positive indications from the latest earnings season and the belief that the hiking rate cycle after the last meetings by the Fed and the ECB is coming to an end soon. In addition, the strong data from the U.S. economy has increased the likelihood of a soft-landing scenario in the coming quarters. Powell himself noted that even the Fed economic staff's forecasts no longer contemplate a recession, but only a moderate expansion.

On the macro side, EU PMI’s showed a further deterioration of the manufacturing sector, while the services sector, despite being slightly negative, continues to remain in expansion territory. The same trend applies to the U.S, where, despite the deterioration, the index remains in expansionary territory. The resilience of the U.S. economy continued to draw strength from the consumer confidence, as highlighted by the strong performance of GDP, which in quarter 2 grew by 2.4%, well above estimates. The labor market remained robust, while unemployment claims declined. Looking at inflation, US data in June confirmed a slowdown in inflationary pressures, both in headline (3% vs 3.1% consensus) and in the core component (4.8% vs 5% expected). Similarly, the PPI reading went in the same direction, surprising to the downside, by growing close to 0% y/y. Positive news also came from the eurozone, where inflation in June grew at 5.5% y/y, down from 6.1% in May. UK inflation also decelerated well above expectations across the board. In addition to the overall index, the core index and the services index were also decelerating, raising expectations of a less aggressive BoE at the August meeting. In China, GDP in quarter 2, despite accelerating from the previous quarter, came in below consensus (6.3% y/y vs expectations of 7.1%), mainly due to a sharp slowdown in consumption in June. In response the Politburo pledged to take measures to stimulate domestic demand and support the real estate sector. Although the authorities in Beijing have not yet released any details, the announcement fueled a month end stock market rally.

Turning to monetary policies, the decision to raise official rates by 25bp by the Fed and the ECB was widely expected by markets, as was the adoption of a strictly data-dependent approach for the upcoming meetings. In the U.S, Fed Funds were raised from 5.25-5.50%, while in Europe the ECB, in line with expectations, raised rates by 25bpb, bringing the deposit rate to 3.75%. Both central banks did not provide any forward guidance but only renewed the appointment to the September meetings, when fresh inflation data will be available. In a surprise move, the Japanese central bank decided to raise the 10-year rate ceiling from 0.5 % to 1% for the second time since December 2022. The rationale probably lies in the dynamics of inflation, which in the headline data in Tokyo, typically seen as a leading domestic inflation indicator, has reached 4%, the highest level in 40 years. While keeping rates unchanged and continuing the Yield Curve Control (YCC) policy, the decision should be seen as the first necessary step before a true normalization of monetary policy in Japan.

On government bonds, expectations that we are approaching the end of the tightening cycle and thus the peak in rates, contributed to keep yield curves in a substantial trading range. The possibility that the ECB will pause at the September meeting triggered a rally in peripheral bonds in general, with the BTP-Bund spread falling below 160bps, then closing the month at 162bps.

Turning to the corporate universe sentiment remained relatively positive in an environment of low volatility and light volumes ahead of the holiday season.
After the Fed and ECB meetings, the idea that the tightening cycle in the developed economies may have come to an end boosted the performance of risky assets in general, including credit. In addition, the relative stability of government bond yields, led high-grade euro-denominated corporate bonds to post their strongest monthly performance since March.

As far as currencies are concerned, the dollar, after failing to break the resistance at 1.115, has retraced back to the 1.10 area against the euro. The UK pound had a strong month amid hopes of possible rate hikes by the end of the year, while the yuan strengthened on the back of the new Politburo measures. The worst currency was the Japanese yen, weakened by the BoJ's very accommodative policy limiting its possible rises in the short term.

Looking at commodities, wheat prices spiked amid escalating tensions on the back of the Russian attack on the Ukrainian port of Reni on the Danube. Rising tensions also pushed up TTF gas prices while Brent crude oil retraced back to around $85/b.

Source: Morningstar Direct