Azimut Investments High Conviction Global Equities SMA

Monthly Investment Report
As of 31/10/2023

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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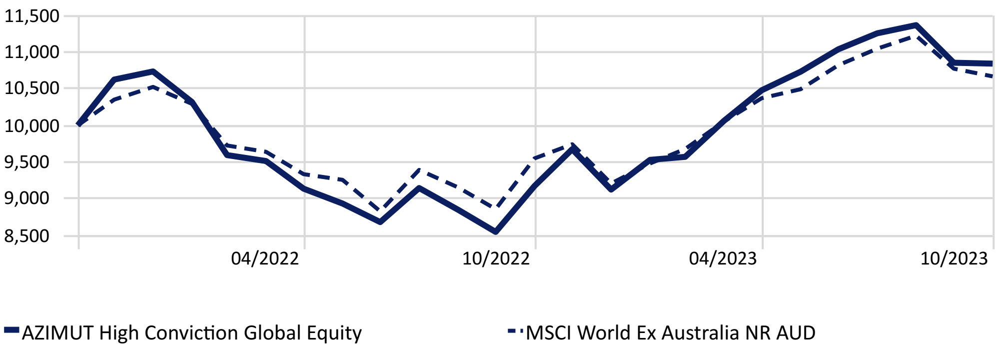
Latest Performance*

	1-mth	3-mths	6-mths	1-yr
AZIMUT High Con Global Equity	-0.11	-3.68	3.47	18.20
MSCI World Ex Australia NR AUD	-0.98	-3.42	2.87	11.72

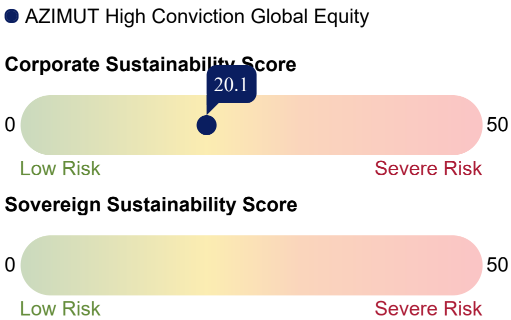
Investment Approach

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



ESG Pillar Score

4.1 Environmental
8.8 Social
7.4 Governance
0.0 Unallocated

Source: Morningstar Direct

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Top 10 Holdings

Portfolio Date: 31/10/2023

	%
Alphabet Inc Class A	5.61
Toyota Motor Corp	4.87
Apple Inc	4.84
Microsoft Corp	4.84
Costco Wholesale Corp	4.74
JPMorgan Chase & Co	4.73
ConocoPhillips	4.54
ASML Holding NV	3.96
LVMH Moet Hennessy Louis Vuitton SE	3.66
Taiwan Semiconductor Manufacturing Co Ltd	3.60

Equity Sectors

Portfolio Date: 31/10/2023

Basic Materials	2.45
Consumer Cyclical	12.50
Financial Services	18.71
Real Estate	0.00
Consumer Defensive	7.68
Healthcare	13.30
Utilities	2.86
Communication Services	7.40
Energy	4.70
Industrials	9.99
Technology	20.41

Regional Exposure

Portfolio Date: 31/10/2023

North America	62.95%
Latin America	0.00%
United Kingdom	1.00%
Europe Developed	25.69%
Europe Emerging	0.00%
Africa/Middle East	0.00%
Japan	5.05%
Asia Developed	3.73%
Asia Emerging	1.59%

Important information

*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.

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

Over the course of the month markets witnessed a renewed phase of volatility and nervousness in the major stock and bond markets. Along with the uncertainties around risky assets related to central banks' determination to keep interest rates higher for loner to keep inflation in check, tensions related to the recent conflict in the Middle East added to increased geopolitical risk. Looking at the economy, despite expectations of a slowdown in growth, overall momentum in the U.S. remained strong. 3Q GDP expanded faster than expected, growing at an annualized 4.9%, its fastest pace in almost two years led by strong household consumption. In contrast, the European economy was essentially at a standstill, with growth close to zero. Moreover, according to the most recent data, economic confidence in the Eurozone slowed in October, affected by high interest rates, persistent inflation and rising geopolitical tensions. The decline, particularly in the industrial and retail sectors, contrasts with a rise in services. This decline is consistent with the depressed private sector activity, as measured by the PMI indices, which suggests a contraction in activity in the short term. Looking at prices it is worth noticing the October inflation figure for the EU, which came out below expectations (2.9% y/y), the lowest level in two years. Conversely, Japan's CPI came out significantly above expectations for both the headline (3.3%y/y) and ex-food index (2.7%y/y), above the BoJ's estimates. Looking at China, the latest PMI data came in lower than expected, with manufacturing returning to contraction after three months. The figure increases pressure on the government to launch further measures to support growth.

The message from Central Banks continues to shift away from additional hikes, as Chair Powell himself reiterated recent messages from FOMC participants that “persistent changes in financial conditions can have implications for the path of monetary policy". President Lagarde cited expectations of further inflation easing as a reason why the ECB paused its monetary tightening at the latest meeting after 10 consecutive hikes. The BOJ made only minor changes to its control of the yield curve, maintaining its long-term rate ceiling at 1% and leaving its negative interest rate unchanged. Despite the volatility induced by the escalation of the Middle East conflict, bond markets consolidated their current movements in the belief that upcoming central bank decisions leave little room for surprises and the current interest rates levels are likely to ensure sufficiently restrictive financial conditions. In the U.S., yields closed near the upper end of the recent range (4.93%), nor far from the psychological threshold of 5%, while the short-term curve increased the likelihood that the Fed could lower rates as early as next spring pushing the 2-year yield to around 5% (from a high of 5.22%). Rates in the Euro area showed some downward pressure on the back of good inflation numbers. It is worth highlighting the solid performance of the Italian bond market, where the 10y benchmark spread vs Bund narrowed below 195bps after the rating review process by the major agencies (DBRS in October) did not come up with any particular surprises.

The credit markets beside suffering from the persistent rise in medium- and long-term yields, in the current phase has been affected by the geopolitical crisis environment and turbulence in several other asset classes, as witnessed by the increase in equity volatility indicators. Looking at currencies, the difficult geopolitical situation and positive data from the U.S. economy keep the dollar well supported. In contrast, there has been a sharp depreciation of the yen, which has risen above 150 vs. the dollar after the BoJ disappointed market expectations. On the emerging market front the Mexican peso and the South African rand were the best performers. The Turkish lira remained stable after the central bank raised, as expected, the benchmark rate by 500bp (to 35%), and signalled a continuation of restrictive monetary policy.

As far as commodities go, after an initial strengthening phase oil closed below the levels of the beginning of the month ($88/b), thanks to the fact that the war in the Middle East did not escalate and in the wake of fears of slowing demand, particularly in Europe. Conversely, gold moved sharply higher, hovering around $2,000/oz.

Among the best three names during the month were Waste Management, Microsoft and Novo Nordisk, while among the worst three names were Thermofisher, Roche and Sherwin-Williams.

Source: Morningstar Direct