Azimut Investments High Conviction Global Equities SMA

Monthly Investment Report
As of 30/11/2023

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

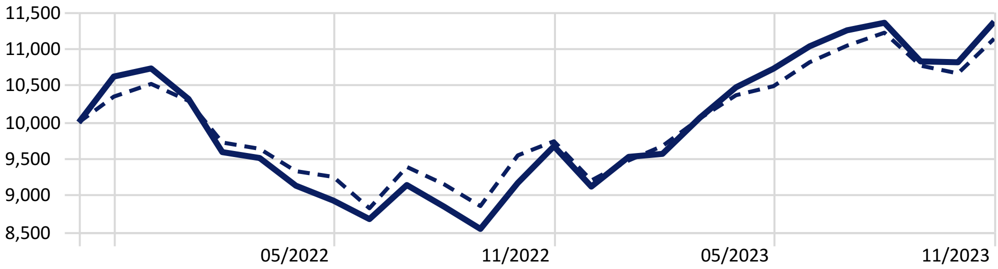
Latest Performance*

	1-mth	3-mths	6-mths	1-yr
AZIMUT High Con Global Equity	5.12	0.13	5.97	17.56
MSCI World Ex Australia NR AUD	4.43	-0.73	6.18	14.37

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

Sovereign Sustainability Score

ESG Pillar Score

3.9 Environmental
8.9 Social
7.2 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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Source: Morningstar Direct

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Top 10 Holdings

Portfolio Date: 30/11/2023

	%
Apple Inc	5.20
Microsoft Corp	5.07
JPMorgan Chase & Co	5.02
Alphabet Inc Class A	5.01
Toyota Motor Corp	4.44
Costco Wholesale Corp	4.24
ASML Holding NV	4.10
Lvmh Moet Hennessy Louis Vuitton SE	4.00
Norfolk Southern Corp	3.83
The Home Depot Inc	3.83

Equity Sectors

Portfolio Date: 30/11/2023

Basic Materials	2.41
Consumer Cyclical	12.55
Financial Services	18.67
Real Estate	0.00
Consumer Defensive	7.65
Healthcare	12.91
Utilities	2.77
Communication Services	6.94
Energy	3.78
Industrials	11.05
Technology	21.27

Regional Exposure

Portfolio Date: 30/11/2023

North America	63.63%
Latin America	0.00%
United Kingdom	0.98%
Europe Developed	25.32%
Europe Emerging	0.00%
Africa/Middle East	0.00%
Japan	4.54%
Asia Developed	3.71%
Asia Emerging	1.82%

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 - November

As opposed to the bearish pressure experienced in October, sentiment in November turned very positive. Markets rallied on the back of a growing evidence that global growth is slowing but only at a moderate pace, but most importantly on better inflation figures around the globe that reinforce expectations of interest rate cuts as early as next spring. Geopolitical tensions also cooled down and this will have positive effects on the world economy. The assumption of a soft-landing scenario led to a strong rally from bond markets that rapidly extended to all asset classes, from equities to credit to emerging markets.

Looking at the US economy consumption, inflation and the labour market have somehow moderated recently, suggesting the economy is set to slow in the Q4. The PMI indexes saw the manufacturing sector return to contraction and services rise just above expectations. Also there was a reduction in employment in both manufacturing and services. The deterioration of the labour market was also confirmed in new and continuing jobless claims, which were up, while consumer spending and core PCE slowed. New home sales came in weak in October as mortgage rates hit a high above 8% for the 30year maturity.

European PMI data were down again in November, suggesting continued economic weakness as the end of the year approaches. The numbers are consistent with a GDP contraction in the current quarter (which would take the Eurozone into technical recession). In Japan, 3Q GDP contracted more than expected (-2.1% t/t annualized from 4.5% vs -0.4% expected). The figure supports a still accommodative monetary policy by the BoJ.

There has been positive news on the inflation front with Inflation subsiding more than expected both in the US and Eurozone. In the US, headline CPI was unchanged on a monthly basis while decelerated to 3.2% y/y. Core inflation rose 0.23% m/m, below the expected 0.3% increase, and the yearly measure edged down 0.1% to 4.0%. Details came out soft as well. Weakness was observed across numerous goods and services components including Powell's favorite measure, "super-core" services. Similarly, Inflation in the Eurozone showed a sharper than expected deceleration in Nov, with headline at 2.4% (against an expected 2.7%yoy) and to 3.6%yoy (against 3.9%yoy) for the index excluding food and energy, with both indicators approaching the 2% target more quickly than expected. At a country level, the headline inflation decline was broad based, with all the main economies of the region showing a soft reading. This is prompting investors to anticipate an ECB interest rate cut sooner than expected, i.e. a rate cut of 25bps as early as next April, ahead of what several ECB members are suggesting.

In the meantime the Chinese economy has plunged back into deflation in October with CPI falling by 0.2% while Producer prices fell for the13th consecutive month (-2.6%). Moreover, activity in China weakened further in Nov with the composite index, which reflects all sectors, coming in at 50.4, compared with 50.7 in October, slightly above the 50 threshold, signalling a contraction in activity These weaker-than-expected figures should raise expectations of a new stimulus to support the economy, given the deterioration in the property sector, which is weighing on Chinese household confidence.
Looking at Central Banks the Fed and the ECB seem to be at the end of their tightening campaign, but they still appear rather reluctant to go along with expectations of rate cuts, with the intention of consolidating the disinflationary process. December meetings will be crucial to understand whether Central banks will succeed in cooling down market expectation for rates cuts as early as next spring.

Bond markets posted their best monthly performance for almost four decades on growing optimism about rate cuts in 2024. Improved inflation figures on both sides of the Atlantic triggered a strong rally which resulted in a decline in short-term yields. The 2-year Treasury dropped to around 4.70% and the German Bund to 2.80% (20bps below the beginning of Nov). The movement also impacted the long end of the curves, where the 10-year Treasury, which had flirted with the level of 5% at the beginning of the month, retraced to 4.30%, while the Bund dropped from 2.80% to 2.40%. Eurozone peripheral bonds benefited from the rating agencies' outlook, in particular with Moody's raising the rating of Portugal, but especially the revision of Italy's outlook from negative to stable. The BTP-Bund spread moved rangebound between 170-175bps.

On the currency side, the month witnessed a general weakening of the dollar against all major currencies The euro/dollar reached its highest level in the past three months (around 1.1017), but then retraced, closing the month around 1.09. Among the currencies that recovered the most against the dollar were the Australian dollar and the New Zealand dollar. After the weakness of the past few months, the yen resumed strengthening in the wake of the yield differential narrowing (especially vs euro), with the cross trading not too far from the 158.50 support area.

As far as commodities go the Brent was stable around $80/b, after the long-awaited OPEC+ meeting that ended with an agreement to increase cuts by 900,000 b/d for the first quarter of 2024, joined by the extension of Arabia's and Russia's cuts as well.

Among the best three performers for the month were Bank of America, Sherwin Williams and S&P Global. While among the worst three names were ConocoPhillips, Kone and Roche.The portfolio rebalanced a number of its positions without changing the overall sector exposure.

Source: Morningstar Direct