Azimut Investments High Conviction Global Equities SMA

Monthly Investment Report
As of 31/12/2023

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

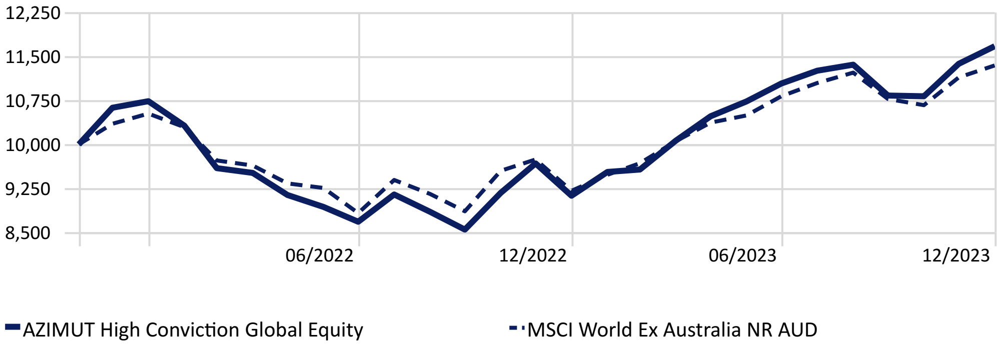
Latest Performance*

	1-mth	3-mths	6-mths	1-yr
AZIMUT High Con Global Equity	2.64	7.77	5.76	27.96
MSCI World Ex Australia NR AUD	1.83	5.31	4.85	23.23

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

4.0 Environmental
9.0 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: 31/12/2023

	%
JPMorgan Chase & Co	5.18
Alphabet Inc Class A	5.00
Apple Inc	4.99
Microsoft Corp	4.76
Costco Wholesale Corp	4.57
ASML Holding NV	4.30
Toyota Motor Corp	4.08
Lvmh Moet Hennessy Louis Vuitton SE	4.04
The Home Depot Inc	4.01
Norfolk Southern Corp	3.93

Equity Sectors

Portfolio Date: 31/12/2023

Basic Materials	2.55
Consumer Cyclical	12.40
Financial Services	18.85
Real Estate	0.00
Consumer Defensive	7.99
Healthcare	12.90
Utilities	2.74
Communication Services	6.66
Energy	3.60
Industrials	11.33
Technology	21.00

Regional Exposure

Portfolio Date: 31/12/2023

North America	63.80%
Latin America	0.00%
United Kingdom	1.01%
Europe Developed	25.70%
Europe Emerging	0.00%
Africa/Middle East	0.00%
Japan	4.17%
Asia Developed	3.77%
Asia Emerging	1.55%

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.

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Source: Morningstar Direct

Market Commentary - December

Towards the end of the year the combination of falling inflation and mounting hopes of a soft economic landing has further reinforced investors' optimism about the prospect of interest rate cuts. The related anticipation about the monetary policy pivot fuelled a strong recovery on stock markets, with the global stock index reaching a new record-high level at the end of December. Looking at the economy in the US the soft-landing scenario is gaining strength as consumer confidence declined again and ISM services weakened but remains above 50.

The job market is cooling and wage growth is slowing rapidly. As a result, the November CPI report showed continued progress on the disinflation front, also the PPI was softer-than-expected on the back of the drop in energy prices and declining supply chain headwinds. The slowdown in economic activity in the Eurozone intensified in December, due to a general decline in manufacturing in both France and Germany. Over the last quarter, the eurozone economy contracted by -0.1%. The bloc's PMI activity indicators further suggest that activity has remained depressed recently, suggesting a potential future contraction in the economy. Inflation declined more than expected. The headline figure was confirmed at 2.4% in November, the lowest level since July 2021 (versus 2.9% in October). Prices rose at a slower pace for services and energy. Meanwhile, annual core inflation, was confirmed at 3.6%, the lowest figure since April 2022. China continues to struggle in countering deflation. While upward pressures on wages are globally abating, in China in 4Q wages in major cities fell at the fastest pace since at least 2016 (-1.3% y/y).

Looking at Central banks the FOMC delivered a dovish message at its December meeting by signalling the end of the rate hike cycle and is planning a series of cuts for a totalling 75 bps for 2024 (vs 25bps prior). Conversely, President Lagarde pushed back against market's pricing for ECB cuts and left interest rates steady at 4% for the second consecutive meeting. In the press conference, she stated that projections assume "markedly" higher rates than priced by the market and conveyed the message that ECB will remain on hold for some time. Moreover, the ECB announced that it will initiate a reduction of PEPP reinvestments in July. During the month falling inflation, weak economic data, and the prospect of upcoming interest rate cuts in the US gave bond markets a further boost. The yield for ten-year US Treasuries dropped to 3.8%, while the yield to maturity of ten-year Bond at 2%, hit its new low for the year. The decline in yields was more pronounced for long maturities than at the short end of the curve, intensifying the inversion of many yield curves even further. The Fed's dovish stance ended up adding fuel to the fire of global credit markets triggering further spread compressions. Spreads in Europe retested the levels reached prior the banking crisis in March, while U.S. indices, both IG and HY, have reached levels last seen in early 2022. The performance of spreads in the recent weeks has also been helped by light activity on the primary market new issues ahead of the festive season.

As far currencies go the euro-dollar cross closed the month down slightly, around the level of 1.104. The yen stands out as he the worst G10 currency on the back of economic policy divergence between the BoJ and other major Central banks. The cross against euro closed the month at 155.80, slightly better than the lows seen at the beginning of the month. In contrast, the UK Sterling, after the Swiss franc, was the best G10 currency, supported by the aggressive monetary policy of the BoE (from the highest level around 90 to the current lows around 86.7 vs euro).

Commodities continued purchases by Central banks supported the price of gold that closed at its highs for the year at 2.060$7oz. Crude oil prices fell slightly during the month at 77.60$/b on growing tensions in the Red Sea and concerns on China's sharp increase in permits on oil imports in 2024 for private refineries. TTF gas prices closed at its lowest level - in the €30/Mwh area, as European demand continues to be modest and hurt by the mild winter.

Among the best three names for the month were Costco, Sherwin Williams and Kone, while among the worst three names were Tencent, Toyota and Microsoft.

Source: Morningstar Direct