

# Azimut Investments High Conviction Global Equities SMA

Monthly Investment Report  
As of 29/02/2024



### 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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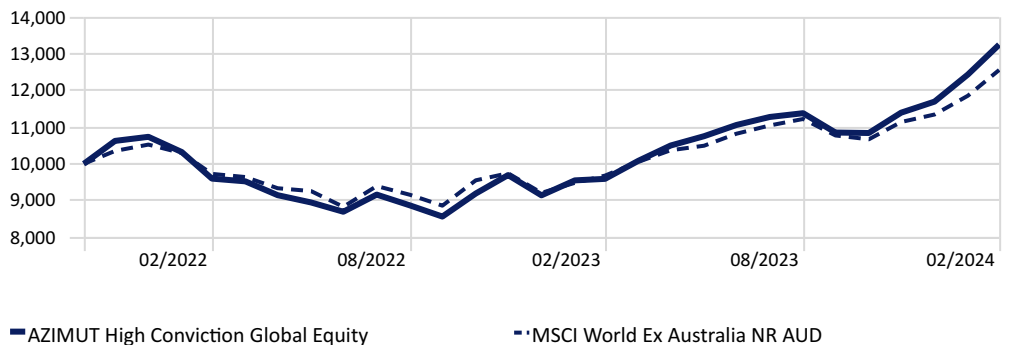
## Latest Performance\*

	1-mth	3-mths	6-mths	1-yr
AZIMUT High Con Global Equity	6.54	16.29	16.43	38.20
MSCI World Ex Australia NR AUD	5.92	12.74	11.92	29.79

## 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



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## Top 10 Holdings

Portfolio Date: 29/02/2024

	%
JPMorgan Chase & Co	5.12
ASML Holding NV	5.04
Alphabet Inc Class A	5.00
Apple Inc	5.00
Microsoft Corp	4.92
Costco Wholesale Corp	4.50
Toyota Motor Corp	4.50
Lvmh Moet Hennessy Louis Vuitton SE	4.25
Taiwan Semiconductor Manufacturing Co Ltd ADR	3.98
The Home Depot Inc	3.97

## Equity Sectors

Portfolio Date: 29/02/2024

	%
Basic Materials	2.56
Consumer Cyclical	13.18
Financial Services	18.33
Real Estate	0.00
Consumer Defensive	7.73
Healthcare	13.12
Utilities	2.68
Communication Services	6.58
Energy	3.58
Industrials	9.50
Technology	22.74

## Regional Exposure

Portfolio Date: 29/02/2024

	%
North America	62.12%
Latin America	0.00%
United Kingdom	1.01%
Europe Developed	26.68%
Europe Emerging	0.00%
Africa/Middle East	0.00%
Japan	4.66%
Asia Developed	4.12%
Asia Emerging	1.40%

## 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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## Market Commentary

The soft-landing scenario, or even no-landing scenario that at first applied only to the stock market has during the month taken hold among bond investors to with yield curves repricing on both sides of the Atlantic the timing and magnitude of rate cuts. Evidence of a relatively robust growth along with moderating inflation have provided support for risky assets in general. Stock markets renewed their all-time highs, with the US being the substantial driver behind global indexes, led by mega cap tech companies. The risk-on movement has also translated into a continuous compression in credit spreads – especially in the high beta segments of the market and peripheral government bonds.

Looking at the macro picture, despite a downward revision to the US GDP (3.2%yoy versus an estimate of 3.3%yoy) and higher inflation, the US economy has shown remarkable resilience. Most recent economic data have provided evidence of sustained growth and a strong labour market. Last month the number of new employees was the highest since February 2023, while the unemployment rate was unchanged at 3.7%. On the flip side however, the disinflation path has been 'bumpier' after January's CPI rose more than expected 3.1%yoy vs. 2.9% expected and 3.4% the month prior, with core inflation also rising. On a softer note, the PCE price index (consumption deflator), the Fed's preferred measure for assessing inflation, was in line with expectations at 2.4%, and 2.8% for the core component.

The Eurozone economy recorded no growth in 4Q23, narrowly avoiding a recession, thanks to stronger than expected industrial production. However, the region now appears to be gradually emerging from its economic trough. This, at least, is the signal sent by February PMI indices, which raised hopes of a recovery in the coming months. The preliminary inflation reading for February fell to 2.6%yoy, although it remained above the 2.5% expected. Despite the downward trend, the core component, came in at 3.1% (worse than expected figure), due to the stickiness of services that rose 3.9%yoy. In the United Kingdom, inflation was unexpectedly weaker than expected on both the headline and core figures, rising the likelihood of a rate cut by the BoE in June.

The Japanese economy has unexpectedly slipped into recession, contracting by 0.4% in 4T of 2023, following a 3.3% fall in the previous quarter. In the meanwhile, core inflation (2% in January) steadily above the BoJ's target for the past few months, offers less and less excuse for Governor Ueda to procrastinate the end of zero interest rate policy. Finally looking at China, PMI's for February were unchanged from January around the level of 50.

Turning to monetary policy Central Banks continue to exhibit a cautious approach since they are still concerned that victory over inflation may be declared prematurely. The ECB was generally satisfied with recent developments on the inflation front. nonetheless President Lagarde commented that "they need more visibility to be more confident overall". In the US, against a backdrop of a tight labour market and aboveaverage growth, the Fed seems to be in no hurry to cut interest rates. Market forecasts suggest that the ECB will start cutting rates in June, ahead of the Fed, as inflationary pressures in the Eurozone are now easing faster than in the US.

Relating to commodities, oil price has topped its year peak (around 84\$/b) after OPEC+ has found an agreement to extend production cuts through to June, as expected. The TTF gas has shown some signs of bottoming buoyed by expectations of a stronger demand from Asia, given the cheap price levels.

The reporting season highlighted a few interesting results among a few of the US stocks owned. Nvidia's reporting further solidified the positive momentum in artificial intelligence, bringing positivity to the technology sector. During the month, the portfolio has been rebalanced, particularly in favour of some sectors deemed undervalued and with interesting valuations. An example is the healthcare where we increased our positions. Among the three best performing names during the month were Nvidia, Toyota and Waste Management. While among the three worst performing names were Enel, Roche and Nextera.