Azimut Investments High Conviction Global Equities SMA

Monthly Investment Report
As of 31/03/2024

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

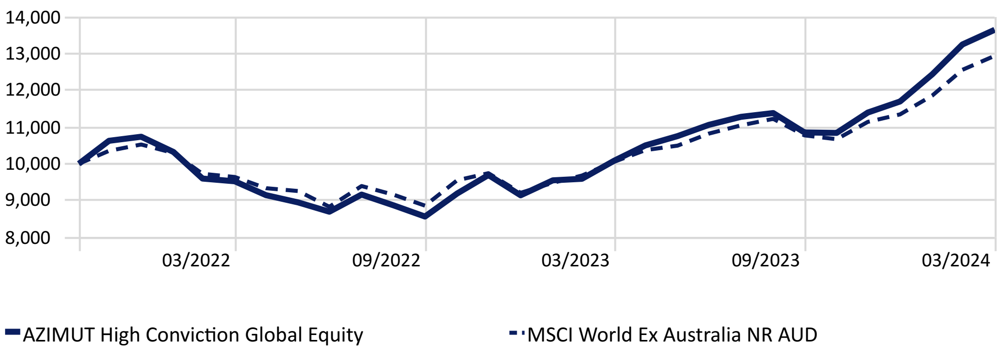
Latest Performance*

	1-mth	3-mths	6-mths	1-yr
AZIMUT High Con Global Equity	3.02	16.71	25.78	35.39
MSCI World Ex Australia NR AUD	3.02	14.06	20.11	28.72

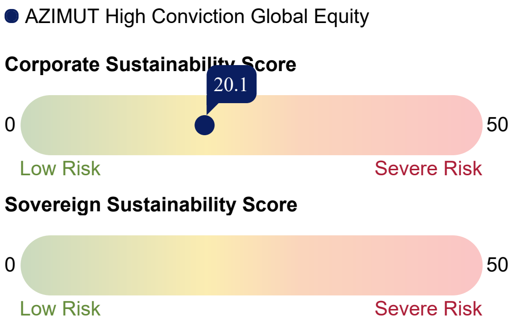
Investment Approach

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

3.9 Environmental
8.7 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: 31/03/2024

	%
Alphabet Inc Class A	5.35
JPMorgan Chase & Co	5.32
ASML Holding NV	4.91
Microsoft Corp	4.84
Lvmh Moet Hennessy Louis Vuitton SE	4.76
Toyota Motor Corp	4.51
Apple Inc	4.47
Costco Wholesale Corp	4.24
Taiwan Semiconductor Manufacturing Co Ltd ADR	4.22
NVIDIA Corp	3.98

Equity Sectors

Portfolio Date: 31/03/2024

Basic Materials	2.57
Consumer Cyclical	13.47
Financial Services	18.42
Real Estate	0.00
Consumer Defensive	7.28
Healthcare	12.68
Utilities	2.78
Communication Services	6.87
Energy	3.89
Industrials	9.06
Technology	22.98

Regional Exposure

Portfolio Date: 31/03/2024

North America	62.22%
Latin America	0.00%
United Kingdom	0.94%
Europe Developed	26.50%
Europe Emerging	0.00%
Africa/Middle East	0.00%
Japan	4.62%
Asia Developed	4.33%
Asia Emerging	1.39%

Source: Morningstar Direct

Market Commentary

The month of March saw the continuation of the risk-on, low volatility environment. The slowdown in the deflationary process (namely in the U.S.) and the resilience of economic growth did not change investors' expectations for a reversal of monetary policy possibly as early as June. On one hand, the higher than expected inflation data has curbed the decline in bond rates, on the other they have not hindered the rise in equity markets supported by growing optimism about the resilience of the economic cycle. The U.S. and European stock markets closed the first quarter on new all-time highs, also supported by the positive trend in corporate earnings.

Looking at the macro picture, U.S. data continued to exceed expectations on the economic activity and labour market side, while inflation is slowing less than expected. This does not mean that the downward trend in inflation has finished but rather that the decline is less than in the second half of 2023. Overall inflation in February reaccelerated to 3.2%yoy (from 3.1%), while the core version fell to 3.8%, less than expected, although much of the persistence of inflation remains in the housing sector. More comforting, the inflation rate as measured by the core PCE index, the Fed's preferred measure remained unchanged at 2.8%. Activity in the Eurozone confirmed inflation is bottoming. The composite PMI index in March rebounded slightly ahead of expectations (49.9 vs. 47.7), but more importantly, it moved closer to the expansion zone. Based on this single indicator, growth in the first quarter is expected to be marginally positive. Similarly, the PMI services index improved significantly, entering expansion territory for the 2nd consecutive month. Aggregate data confirmed the downward trend in the eurozone inflation (2.4%yoy in March), with the core index at 2.9%. China's PMI data also surprised on the upside, with the manufacturing sector up in both the national (back to expansion) and Caixin (better than expected) figures with the services sector growing above expectations. Also noteworthy is the inflation figure that returned to positive territory for the first time in six months (0.7% from -0.8%) through a combination of fading base effects on food prices and an acceleration in core CPI (1.2%) driven by a rebound in spending during Chinese New Year.

Turning to monetary policy, various meetings of Central banks throughout the month have served to reinforce investors' belief in the imminent reductions of interest rates. The Swiss National Bank (SNB) unexpectedly cut its benchmark rate (from 1.75% to 1.50%), while markets are pricing upcoming rate cuts from the Fed, ECB, and Bank of England. During its latest meeting the Fed maintained its expectations of 3 rate cuts in 2024, despite an upward revision of its growth and core inflation forecasts for 2024. The ECB despite strongly reiterating its data dependence has been more dovish compared to the last two meetings, reinforcing the likelihood of rate cuts from June onwards. Conversely Japan is the only exception. The BoJ raised interest rates (from -0.1% to +0.1%) for the first time since 2007, marking the end of the negative interest rate policy. It has also decided to stop controlling the yield curve and to stop buying ETFs. Nevertheless, this widely anticipated decision did not alter the overall accommodative monetary conditions.

The currency market after the latest round of Central Bank meeting has witnessed a return of a strong dollar with the cross toward the euro (1.08) seemingly pointing to the lower end of the 1.07/1.10 range that characterized the first quarter of the year. The Yen has been in the spotlight. After touching a multi-year high against the dollar, the currency has stabilized over the end of the month after authorities hinted at the willingness to act against excessive movements. The Yuan weakened after the authorities' decision to let the domestic currency weaken after months in which it had been kept voluntarily stable around the level of 7.2.

Turning to commodities, Oil consolidated at recent highs (over 87$/b) after Mexico's production cuts and the continuing tensions in the Middle East. Worth noting the price of Gold (XAU/USD), which set new all-time highs in the $2.230 area.

During the month, the portfolio has been rebalanced, particularly in favour of some sectors deemed undervalued and with interesting valuations. The exposure to Abbott has been cut and a new position on Unitedhealth has been built keeping the same weight in the healthcare sector but with a different revenue profiles.

Among the best three performers for the month were Nextera, Nvidia and ConocoPhillips. While among the worst three names were Apple, Costco and Visa. A few positions were rebalanced during the month without changing the overall sector exposure. As of the end of month cash was at roughly 3.75%.

Source: Morningstar Direct