Azimut Investments High Conviction Global Equities SMA

Monthly Investment Report
As of 31/08/2025

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.

www.azimutinvestments.com.au

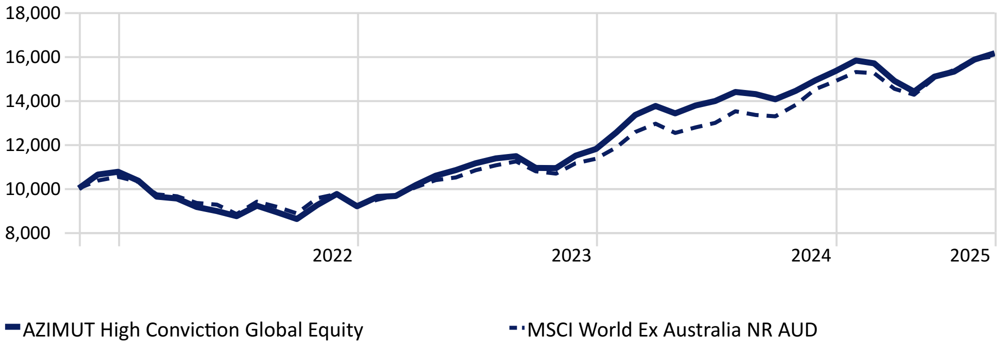
Latest Performance*

	1-mth	3-mths	6-mths	1-yr	2-yr	S.I.
AZIMUT High Con Global Equity	1.83	7.06	2.94	13.03	18.68	11.81
MSCI World Ex Australia NR AUD	0.92	6.62	5.10	20.06	19.45	12.34

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.

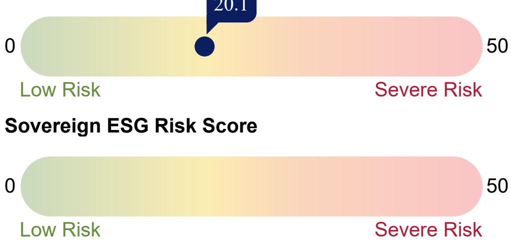
$10,000 invested over time



ESG Risk Score

● AZIMUT High Conviction Global Equity

Corporate ESG Risk Score



ESG Pillar Score

5.3 Environmental
9.1 Social
5.9 Governance
0.0 Unallocated

Source: Morningstar Direct

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Top 10 Holdings

Portfolio Date: 31/08/2025

	%
Microsoft Corp	5.50
JPMorgan Chase & Co	5.00
NVIDIA Corp	5.00
Alphabet Inc Class A	4.75
Apple Inc	4.75
Taiwan Semiconductor Manufacturing Co Ltd ADR	4.50
ASML Holding NV	4.00
Costco Wholesale Corp	4.00
Amazon.com Inc	3.50
Bank of America Corp	3.50

Equity Sectors

Portfolio Date: 31/08/2025

Basic Materials	2.82
Consumer Cyclical	12.31
Financial Services	18.46
Real Estate	0.00
Consumer Defensive	6.67
Healthcare	8.72
Utilities	3.59
Communication Services	7.69
Energy	3.59
Industrials	8.97
Technology	27.18

Regional Exposure

Portfolio Date: 31/08/2025

North America	67.69%
Latin America	0.00%
United Kingdom	0.00%
Europe Developed	22.31%
Europe Emerging	0.00%
Africa/Middle East	0.00%
Japan	2.56%
Asia Developed	4.62%
Asia Emerging	2.82%

Source: Morningstar Direct

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Market Commentary

After a slow start to August, weighed down by a significant revision to the U.S. labour market data, Wall Street gradually regained the momentum that had characterised the entire third quarter and received a decisive boost following Powell's speech at the Jackson Hole Symposium. Markets were relieved by the "dovish" tones of the speech, with equities rallying and bond yields falling. U.S. Indices outperformed their Eurozone counterparts in August. Sentiment was further supported by better-than-expected macroeconomic data and a fresh wave of quarterly results that exceeded analysts' estimates, extending beyond the technology sector. On the contrary, the European stock markets have been weighed down by the French political crisis. The announcement of a confidence vote scheduled for September 8th by Prime Minister François Bayrou, tied to the approval of a €44 billion austerity plan, has exacerbated the already fragile political situation and pushed investors to price in prolonged instability. Regarding the tariff saga, the U.S. Federal Court of Appeal has ruled that the tariffs introduced are 'illegal'. The ruling nevertheless left the tariffs in place till October 14th, in order for the Trump Administration to appeal the decision to the Supreme Court.

Looking at macro data in the U.S., the manufacturing PMI index jumped to 53.3 (from 49.8 previously), the highest level since May 2022. The employment component also proved solid, leaving unanswered the crucial question for the markets as to whether the labour market is actually experiencing a slowdown. Inflation remains under control despite the sharp acceleration in producer prices (PPI) at the beginning of the month. The Fed's favourite indicator, the headline personal consumption expenditure (PCE) inflation, came in at 2.6% year-on-year. Core inflation rose from 2.8% to 2.9% (in line with expectations) These data points are unlikely to affect the Fed's decision to cut rates in September. European growth, albeit modest, has recently shown resilience, as evidenced by August's PMI activity indices. This measure of purchasing managers' sentiment returned to expansionary territory at 50.5, above the consensus forecast of 49.5. German industrial sentiment continued to improve. In August, the IFO business climate index rose for the seventh consecutive month to 89 on the back of the supportive fiscal policy of the new government. Inflation remains close to its target at 2.1%, in line with consensus. In China, the risk of deflation is still present, but the authorities have responded with a new plan to reduce excess capacity, in order to finally halt price declines in many industries. In the meanwhile, PMI indices for August showed that the manufacturing sector had not rebounded from July's weakness (49.4 from 49.3 in July), but services recovered (50.3), helped by tourism.

As far as monetary policy goes, during his speech at Jackson Hole, Powell adopted a more accommodative tone compared to the past, opening the door to a possible rate cut as early as September. The Fed highlighted the cooling in the labour market (which was revised sharply downwards for June and July), which was seen as a step towards a less restrictive monetary policy. The market is anticipating two cuts in 2025 and between three and four cuts in 2026. The ECB confirmed that monetary policy is now well positioned to deal with future shocks, which increases the likelihood that interest rates will remain at their current levels in September. The ECB' s latest economic projections, which forecast inflation slowing to below the 2% target next year, include a final rate cut.

Looking at government bonds in the U.S., expectations for the end of the Fed's pause in rate cuts resulted in a steepening of the curve. Moreover, Trump's intention to remove Lisa Cook from the Fed's Board of Governors reinforced the view that the FOMC's composition could become more favourable to an accommodative policy in the future. The 2-year yield fell to 3.60%, more than 30 basis points below late-July levels. The decline was more contained at the medium- to long-end, with the 10-year at 4.23% and the 30-year stable around 4.93%. Political tensions in Europe resurfaced in France and the Netherlands where the risk of government collapse led investors to demand a higher premium to finance these countries' debts. The German government yield remained just below end-July levels, with the 2- year at 1.94% and the 10-year at 2.70%. Long-term rates have risen instead, with the 30-year German bond reaching 3.35% in mid-August, its highest since 2011. The deterioration of the French political situation, with Prime Minister Bayrou calling for a confidence vote on September 8, pushed the OAT-Bund spread above 80 basis points (from the annual lows of 65 basis points) in July, while the spread versus Italian bonds narrowed to just 5 basis points. In the United Kingdom, 10-year and 30-year long-term rates continued to rise, reaching 4.7% and 5.6% respectively, their highest levels since 1998, due to persistently high inflation and budgetary risks.

In the currency markets, the U.S. dollar weakened against most currencies (ending the month at around 1.17 against the euro), due to tensions between Trump and the Fed (threat to dismiss Cook), as well as growing expectations of a Fed rate cut at the September meeting. Political uncertainty in France and geopolitical tensions in Ukraine boosted demand for the Swiss franc, which acted as a safe haven and appreciated against both the euro and the dollar. Emerging market currencies showed broad-based weakness.

Looking at commodities, the uncertainty over global trade and renewed weakness of the dollar favoured inflows towards precious metals. Particularly gold has returned to around USD 3500/oz, close to the all-time highs seen last April. Similarly, uncertainty remains high regarding oil (down to US $67.60/b) ahead of an expected production increase by OPEC+.

The portfolio during the month dynamically managed the geographical and sectorial exposure, still preferring developed markets to emerging markets and quality companies with a high return on capital. Asian exposure is represented via the overweight in Europe in particular through companies generating revenues in Asian markets.

Among the best three names during the month were Novo Nordisk, Apple and Sherwin Williams. While among the worst three names were Waste Management, Nvidia and Caterpillar.

During the month, we rebalanced a few positions without changing the overall sector exposure. As of the end of month, we have a cash buffer of approximately 2.50% to be allocated.

Source: Morningstar Direct

Market Commentary

Company Overview: NVDA US Equity – Nvidia Corp

Nvidia (NVDA US Equity) is the global leader in accelerated computing and artificial intelligence infrastructure, with a business model that integrates semiconductors and software platforms enabling the development of complex models across cloud, hyperscaler, enterprise, and research applications. Its activities are mainly divided into Data Centres, Gaming, Professional Visualization, and Automotive, with Data Centres now accounting for nearly 88% of total revenues compared with 56% in Q2 2023. This shift highlights the dominant role of H100 GPUs and the new Blackwell platform in driving the expansion of the AI ecosystem. Gaming, once the company's core business, has shrunk in relative weight, while maintaining a stable revenue base, while Automotive and Visualization remain smaller divisions but show gradual progress.

On the geographical side, revenues have evolved significantly in recent years: the United States has risen from about 30% in Q2 2023 to over 50% in Q2 2026, reflecting the concentration of AI demand among American hyperscalers. China, including Hong Kong, declined from 24% to less than 6% in the same period due to export restrictions and geopolitical frictions, while Taiwan has remained broadly stable at around 18% and "Other Countries" have grown to 26%, indicating broader diversification across Asia and Europe.

The latest quarter confirmed extraordinary performance with revenues of USD 46.7 billion, up 6% quarter-on-quarter, driven by Data Centres at USD 41.1 billion. Net income reached USD 26.4 billion, up 44% quarter-on-quarter, with gross margins at 72%, a level hardly matched by competitors. Growth momentum is normalising after the exceptional acceleration of 2023, when annual increases exceeded 200%, and now stabilising at still elevated double-digit levels, consistent with a maturing AI cycle. Revenue growth has decelerated in rate of change, though it remains firmly positive, EBITDA margins have held steady above 60%, and the weight of Data Centres remains close to 90% of revenues compared with 56% only two years ago. This shows that even with slower growth momentum, the quality of results is intact, supported by robust margins and a structurally stronger business mix.

Cash generation is exceptional, with trailing twelve-month free cash flow above USD 70 billion and expected to exceed USD 90 billion in FY26. This strength allows Nvidia to invest heavily in R&D and infrastructure while returning unprecedented amounts of capital to shareholders: in the quarter, the Board authorised a new USD 60 billion buyback program, in addition to USD 24 billion already completed in the first half. Leverage remains low and the company retains a net cash position, underlining a balance sheet of considerable strength.

The stock has risen about 35% year-to-date despite troughs in March, reaffirming its role as the primary catalyst of the AI theme in global equities. Nvidia is viewed as a safe haven within technology, with the market consistently expecting exceptional results, and the company delivering, albeit with growth momentum less explosive than in peak quarters. In valuation terms, the stock trades at a forward P/E of 33–34x, broadly in line with its two-year average of 31.8x and within the historical range of one standard deviation between 27x and 37x. The current P/E is around 53x, a demanding level but consistent with unmatched margins and profitability. While uncertainty remains around tariffs and U.S. export restrictions to China, no developments currently threaten the company's medium-term trajectory. In this context, market pullbacks could represent attractive entry points for long-term investors, given the strength of fundamentals and Nvidia's central role in the AI economy. Proprietary screening based on Z-scores adds further support, with a cross-sectional score at 2.32, slightly below its historical average of 2.5 but still at very high levels, and momentum at 0.81, a mild decline from 0.85 yet still positive. These readings confirm that despite a phase of normalisation, Nvidia remains strongly positioned relative to peers and continues to display a favourable growth dynamic.

Source: Morningstar Direct