

Azimut Investments High Conviction Global Equities SMA

Monthly Investment Report
As of 31/10/2025



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

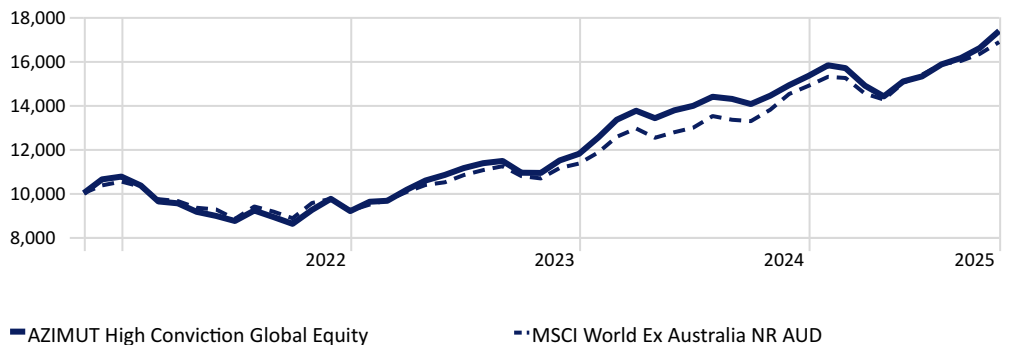
Latest Performance*

	1-mth	3-mths	6-mths	1-yr	2-yr	3-yr	S.I.
AZIMUT High Con Global Equity	4.68	9.59	20.68	20.40	26.16	23.45	13.38
MSCI World Ex Australia NR AUD	3.32	6.34	18.35	22.32	25.76	20.90	13.29

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



Sovereign ESG Risk Score



ESG Pillar Score



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Top 10 Holdings

Portfolio Date: 31/10/2025

	%
Microsoft Corp	5.50
JPMorgan Chase & Co	5.00
NVIDIA Corp	5.00
Alphabet Inc Class A	4.75
Apple Inc	4.75
ASML Holding NV	4.50
Taiwan Semiconductor Manufacturing Co Ltd ADR	4.50
Amazon.com Inc	3.75
Lvmh Moet Hennessy Louis Vuitton SE	3.75
Bank of America Corp	3.50

Equity Sectors

Portfolio Date: 31/10/2025

	%
Basic Materials	2.55
Consumer Cyclical	12.76
Financial Services	18.37
Real Estate	0.00
Consumer Defensive	6.38
Healthcare	8.67
Utilities	3.57
Communication Services	7.65
Energy	3.57
Industrials	8.93
Technology	27.55

Regional Exposure

Portfolio Date: 31/10/2025

	%
North America	66.84%
Latin America	0.00%
United Kingdom	0.00%
Europe Developed	23.21%
Europe Emerging	0.00%
Africa/Middle East	0.00%
Japan	2.55%
Asia Developed	4.59%
Asia Emerging	2.81%

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 prolonged federal shutdown continues to block macro data releases and threatens to weigh on overall economic activity. Amid a lack of significant macro data, once again, political developments set the tone. Meanwhile, tensions on the trade front have eased with numerous agreements between the United States and its main partners. More importantly, the U.S. and China formalising a one-year truce, effectively putting the trade war on hold once again. The agreement includes specific commitments on selected products, while reciprocal tariffs have been suspended for one year. The key FED meeting only slightly tempered the upbeat tone on the bond markets. Sentiment on risky assets remained positive supported by solid quarterly results, especially in the U.S. Despite tensions surrounding regional US banks early in the month, U.S. equities were not affected by this risk, which was perceived as specific and non-systemic. The S&P 500 index reached new highs driven by the AI sector.

In the U.S., the shutdown has prevented the release of the most recent monthly and weekly labour market statistics, depriving investors and the central bank itself of key data to assess the health of the economy, and this time, consumer price data appears to carry even greater weight. In the absence of BLS figures, the main September indicators have been the ADP survey on job creation, weak and below expectations, and the employment components of the ISM indices, which remain in contraction territory. The latest PMI releases surprised to the upside in both Europe and the U.S., largely driven by stronger performance in the services sector. Eurozone Services PMI rose to 52.6 (vs 51.2 expected), while U.S. Services PMI increased to 55.2 (vs 53.5 expected). Manufacturing activity also came in stronger than anticipated, though to a lesser extent. Meanwhile, Eurozone Q3 GDP came in above expectations, with aggregate annual growth of 1.3%. France surprised on the upside, accelerating to +0.5% despite high political uncertainty, while Germany and Italy both disappointed, posting zero growth over the period. October inflation showed an expected 2.1% increase overall and 2.4% in the core component. In the U.S., Inflation rose to 3.0%, compared to an annual rate of 2.9% recorded in August. Core inflation, which excludes volatile food and energy prices, also stood at 3.0% (0.2% MoM), marking a slight decrease from last month. This slowdown was largely driven by a surprise miss in the shelter component.

In China, data continued to disappoint. The official PMI index for the manufacturing sector stood at 49, down from 49.8 in September and below the expected 49.6. The non-manufacturing index for construction and services rose slightly to 50.1. Weak domestic demand remains the main explanation for this weakness, beyond the uncertainty surrounding U.S. tariffs. These data confirm the persistent difficulties of the Chinese economy and reinforce the hypothesis of further stimulus measures in 2026.

As far as central banks go, as widely expected the FED cuts rates by 25bps but warns that the next cut in December is not guaranteed. The Fed also decided to halt the reduction of its balance sheet after three years of reducing its holdings of U.S. Treasury bonds in its assets (QT). The probability of a rate cut in December assigned by the market is now 60%, compared with 95% before the Fed's October meeting. As expected, the ECB kept interest rates unchanged (deposit rate at 2%), reiterating its 'data dependent' and 'meeting by meeting' approach. Markets no longer anticipate any rate cuts by the institution in light of slightly higher growth and an inflation level that has stabilised at the 2% target.

Looking at government bonds, uncertainty over the timing of the Fed's rate cuts led to a rebound in Treasury yields, especially at the short end, with the 2-year rising over 10bp to 3.60%. Longer maturities increased more moderately: the 10-year at 4.10% and the 30-year at 4.64%, accelerating curve flattening. European yields remained broadly unchanged from the levels reached after the Fed meeting, with the 2-year Bund at 1.98% and the 10-year at 2.63%. The risk-on sentiment continued to support Italian government bonds, with the BTP-Bund spread hitting a new low at 75bps, despite GDP data confirming stagnation in the Italian economy. Despite Moody's downgrade of its outlook and difficulties in approving the budget law, France also benefited from improved sentiment, with the OAT-Bund spread declining to 77bps.

In the currency markets, speculation that the FED may hold rates steady at its December meeting has supported the dollar's rebound against all major currencies. The greenback's rebound after the FOMC meeting pushed the cross EUR/USD to a month's low of 1.1537. The Swiss franc continued to strengthen, now approaching 0.93 against the euro, with the currency being used in a similar way to gold as a hedge against potential political and commercial risks. The yen weakened, falling to an eight-month low (154 vs USD). Comments made by BoJ Governor Ueda paved the way for less restrictive monetary policies, as inflation does not appear to be a cause for concern.

Looking at commodities, oil prices increased significantly with Brent to 65\$/b following the announcement of sanctions by the U.S. administration against Rosneft and Lukoil, two Russian oil giants. In addition, the easing of regional geopolitical risks following the ceasefire in Gaza and a pause in U.S./China tensions provided further support for oil prices. Gold corrected sharply after hitting an all-time high of \$4,400 (ending the month at \$4,002/oz), due to significant profit-taking. Despite the recent pullback, gold has gained more than 55% since the beginning of the year.

The portfolio during the month dynamically managed the geographical and sectorial exposure, still preferring developed markets to emerging markets and quality companies with 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 performing names for the month were LVMH, ThermoFisher and Caterpillar. While the worst three names were Waste Management, Abbott and Home Depot.

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% to be allocated.

Market Commentary

Company Overview: EL France Equity – EssilorLuxottica

EssilorLuxottica operates a fully integrated business model, covering the entire eyewear value chain, from lens and frame design and manufacturing to retail distribution and after-sales services. The company combines Essilor's technological leadership in ophthalmic lenses with Luxottica's portfolio of iconic eyewear brands such as Ray-Ban, Oakley, Persol and Oliver Peoples, along with a broad range of licensed luxury labels. The group is organised around two main operating divisions: Professional Solutions, serving optical professionals and wholesale partners, and Direct-to-Consumer, which includes the company's retail network and e-commerce platforms such as LensCrafters, Sunglass Hut and GrandVision. Both segments contribute almost equally to total revenue, reflecting EssilorLuxottica's balanced omnichannel strategy. From a geographic standpoint, North America and EMEA together account for roughly 80% of consolidated sales, while the Asia-Pacific region continues to gain traction and represents the main growth opportunity over the medium term. In addition, the company is expanding into connected eyewear and medical devices focused on vision and hearing care, reinforcing its global leadership and positioning EssilorLuxottica as a diversified player at the intersection of optical technology, luxury, and innovation.

EssilorLuxottica maintains a strong and balanced financial structure, underpinned by consistent revenue growth and disciplined capital allocation. Over the last four years, revenues have increased from €19.9 billion in 2021 to €27.4 billion on a last twelve-month (LTM) basis, representing a CAGR of around 8%. This expansion reflects the integration of GrandVision's retail network, the solid performance of premium brands, and new product innovation such as Ray-Ban Meta smart glasses and Stellest myopia-control lenses.

Operating profitability has remained stable, with EBITDA reaching €6.8 billion and a margin of approximately 25%, confirming strong cost control despite inflationary pressures and higher input costs related to wearable technology. Net income more than doubled to €2.9 billion, supported by a higher retail contribution and improved operating leverage across the supply chain.

Profitability ratios also improved structurally, with ROE rising to 8%, ROIC above 6%, and ROA at 4.7%, in line with top-tier consumer and healthcare peers. Recent strategic actions, including the acquisitions of Heidelberg Engineering (AI-based diagnostics) and Supreme (streetwear), along with Meta's minority investment, reinforce the company's hybrid positioning across eyewear, fashion, and technology.

Overall, the balance sheet demonstrates profitable growth, sound leverage, and strong internal funding capacity, a combination that provides long-term resilience and supports EssilorLuxottica's evolution into a vertically integrated, tech-enabled leader in global vision care.

Since March 2024, EssilorLuxottica's share price has decoupled from the CAC 40, showing performance dynamics closer to those of the global tech leaders (the "Magnificent Seven") than to its European luxury peers. During this period, the stock gained roughly 58%, a re-rating consistent with innovation-driven names, though still supported by strong fundamentals and prudent balance-sheet management.

While current valuation multiples already embed a significant portion of future expectations, EssilorLuxottica remains strategically attractive. The company combines a healthy financial structure, resilient margins, and a tangible innovation pipeline, from Ray-Ban Meta smart glasses to projects in AI-based diagnostics and hearing-care devices. These initiatives represent not just a market narrative but a structural growth platform, reinforcing the group's hybrid positioning between healthcare and consumer technology.

In summary, EssilorLuxottica stands as a high-quality defensive stock with embedded technological optionality. It offers investors exposure to durable long-term trends, digitalisation, connected health, and premium lifestyle, while maintaining strong cash generation and disciplined capital allocation. Despite a rich valuation, the company's innovation potential, execution capability, and diversified growth profile support a positive medium- to long-term investment case.