Azimut Investments High Conviction Global Equities SMA

Monthly Investment Report
As of 30/11/2025

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

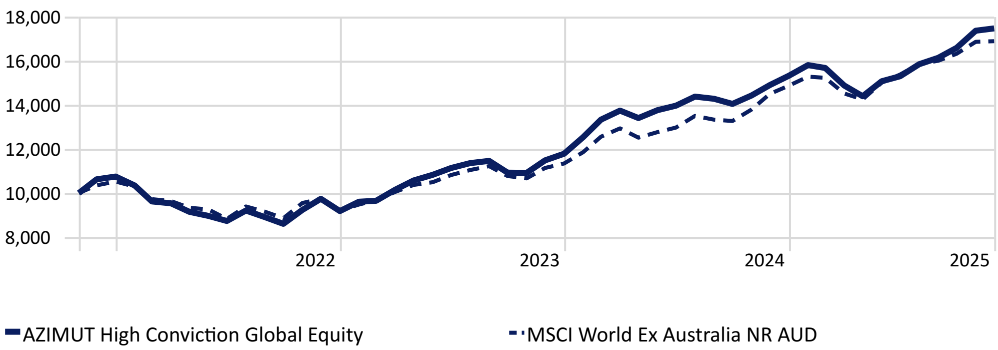
Latest Performance*

	1-mth	3-mths	6-mths	1-yr	2-yr	3-yr	S.I.
AZIMUT High Con Global Equity	0.61	8.28	15.92	17.26	23.37	21.53	13.26
MSCI World Ex Australia NR AUD	0.17	5.55	12.54	16.49	23.17	20.16	13.04

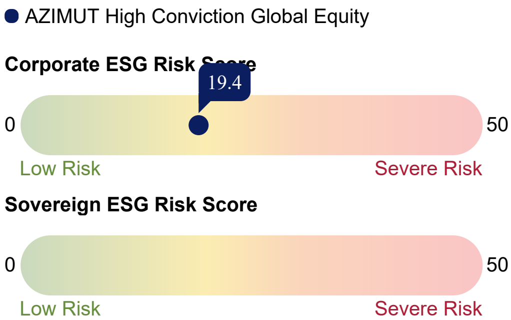
Investment Approach

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



ESG Pillar Score

5.1 Environmental
7.8 Social
4.5 Governance
0.0 Unallocated

Source: Morningstar Direct

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Top 10 Holdings

Portfolio Date: 30/11/2025

	%
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: 30/11/2025

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: 30/11/2025

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%

Source: Morningstar Direct

Market Commentary

In the U.S., the end of the longest government shutdown in history has resulted in the release of a lot of macroeconomic data. These highlighted both the resilience of the U.S. economy, but also the deceleration in consumption and the deterioration of the labour market. Equity markets overall delivered positive but volatile performances amid uncertainty over the valuations of AI-related companies and the Fed's next monetary policy decision. Trade tensions eased with many agreements between the United States and its main partners, while on the geopolitical front, new prospects for peace in Ukraine have emerged.

In the U.S., after weeks of blackout, September labour data failed to provide clear signals: on the one hand, job growth exceeded expectations (119k versus the 51k expected and -4k in August, revised downward). In addition, the four-week average of new unemployment claims fell to around 225k, on the other hand, the unemployment rate rose to 4.4% from 4.3%, the highest since September 2021.This latter element fuelled expectations of a more dovish Fed. Looking at fresh data the manufacturing PMI fell from 52.5 to 52.2, while the ISM manufacturing index continued to decline in November, falling to 48.2 from 48.7 the previous month, despite expectations of a rebound to 49. Its main components continued to deteriorate, such as new orders and employment. The figures for the delayed PPI Index were finally released, showing a 0.3% increase for September, aligning with forecasts, while the inflation report is postponed to December 18, when the combined October and November data will be released.

In Europe, PMI data thus far signal slightly faster growth in Q4 than in Q3. This is still driven by the services sector, while manufacturing weakened again, with Germany struggling the most, on the back of U.S. tariffs and Chinese competition. In November, the manufacturing PMI compiled by S&P Global fell back below the 50 threshold (49.6), after growing in the previous month. The CPI price index rose unexpectedly in November to 2.2%, while the consensus forecast was for it to remain unchanged at 2.1%. Excluding energy, food, and tobacco, core inflation remained at 2.4%, in line with expectations. The Chinese economy is showing increasing signs of weakness. The official PMI indices (manufacturing 49.2 vs. 49 in October; non-manufacturing 49.5 vs. 50.1) and the Rating Dog manufacturing PMI index (49.9 vs. 50.5 expected and 50.6 in October) point to a contraction in activity in November, particularly due to weak domestic demand in services. Indeed, the services index contracted (below the 50 threshold) for the first time since December 2022.

As far as central banks goes, the latest macro evidence in the U.S. and especially statements by New York Fed President Williams, one of the most influential FOMC members, have opened the door to a near-term intervention, considering the current level of rates still restrictive. Following his comments, markets estimate a 100% likelihood of a rate cut in December and anticipate almost three more 25 basis point cuts through 2026. In Europe, inflation continues to be under control, but recent statements from ECB members leave no room for further rate cuts in the short term. Bank of Japan Governor Ueda hinted that his monetary policy committee would consider raising interest rate at its next meeting on December 19, in response to the expansionary fiscal policy by the new government as well as inflation at 3%.

Looking at government bonds, renewed optimism regarding the Fed has driven a sharp decline in Treasury yields, also supported by weak data (retail sales, consumer confidence), the 10-year Treasury returned to the psychological threshold around 4%, with the 2-year at 3.47%. The absence of significant data in Europe and the narrative from ECB officials, who continue to stress that rates are at the desired level, offered no new drivers for continental bond markets to break out of the usual trading range of the past month. The German 2-year benchmark yield closed the month slightly above 2.0%, while the 10-year rose to slightly below 2.70%. The general risk-on environment continued to support the tightening of spreads versus German bonds, with OAT-Bund and BTP-Bund hitting new lows around 72 basis points. During the month, Moody's raised Italy's rating from Baa3 to Baa2: this upgrade, the first since 2002 for the agency, follows Fitch's upgrade last September which had already revised its rating from BBB to BBB+. This series of upgrades rewards the notable improvement in the country's political situation and the recovery in Italy's public finances. The environment has also become more favourable in the United Kingdom, where the 2026 budget reassured the markets somehow. The 30-year yield immediately reacted, falling to 5.20%, about 25 basis points below the peak reached during the month. Japanese yields continued to rise, approaching the 2% level for the 10-year rate, the highest level since July 2007.

In the currency markets, a shift in thinking about further potential U.S. rate cuts weakened the dollar and halted its upward trend. EUR/USD recovered, starting from 1.1480 and rising steadily to 1.1580. The yen remained weak as investors consider the new PM’s fiscal stimulus plan as a threat to the country's financial sustainability, while yields on ultra-long-term bonds reached new highs.

Looking at commodities, OPEC+ will maintain its intention to suspend production increases during the first quarter of 2026, causing oil prices to fall for the fourth consecutive month in November (64.35$/b). The imbalance between supply and demand, lower geopolitical risks and prospects for peace in Ukraine have weighed on oil prices (-13%YTD). Gold rebounded in November to US$4239/oz. Bitcoin also recovered after four consecutive weeks of decline, although its year-to-date performance remains negative.

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 Roche, Alphabet and Waste Management. While among the worst three names were Microsoft, Home Depot and Nvidia.

During the month we rebalanced a few positions without changing the overall sector exposure. As of the end of month we have a buffer of cash (roughly 2%) to be allocated.

Source: Morningstar Direct

Market Commentary

Company Overview: AMZN U.S. Equity – Amazon

Amazon has evolved from a predominantly e-commerce platform into a highly diversified, multi-segment ecosystem, where the combination of retail, third-party services, advertising and cloud computing drives scale, resilience and margin expansion. The business model is structured around a dual engine: on one side, the commerce and logistics network (Online Stores, Physical Stores, Third-Party Seller Services and Subscription Services), and on the other, high-margin technology segments such as Amazon Web Services (AWS) and Advertising. This diversification has materially transformed the revenue mix over time. The product breakdown shows a clear rebalancing across segments: while Online Stores remain the largest contributor, their weight has steadily declined from over 60% in 2017 to around 38–40% today. In contrast, Third-Party Seller Services and Advertising have expanded significantly, now representing over 30% of total revenues thanks to higher take-rates, deeper marketplace penetration and effective traffic monetisation. The most notable shift comes from AWS, whose contribution has risen from ~10% in 2017 to nearly 20% on an LTM basis, driven by the re-acceleration in cloud demand, investments in AI-related infrastructure, and the strategic focus on scalable, high-return services. From a segment perspective, Amazon reports three operating segments: North America, International and AWS. Bloomberg displays AWS separately within the geographic breakdown because Amazon does not allocate cloud revenues by region. As a result, AWS appears as a standalone global segment, underscoring its central role as Amazon's primary driver of profitability and long-term value creation.

From a valuation perspective, Amazon currently stands in a particularly attractive position. Despite delivering a YTD performance of roughly +6%, the stock has not yet fully reflected the strength of its improving fundamentals nor the ongoing margin recovery across key business segments. Revenue growth in 2025 has been solid but not extraordinary, consistent with a more normalised macro backdrop. However, the continued expansion in profitability, driven by the business mix shifting toward AWS, Advertising and other high-margin service layers, suggests an upside potential that is not fully priced in at current levels.

The two combined valuation Z-score frameworks provide additional clarity on where Amazon sits relative to both its history and its peer group. The 2-year rolling "Self" Z-Score, which compares the company's valuation multiples against its own historical mean and volatility, shows the stock moving in the 0 to +0.5s range. This places Amazon well away from the overvaluation peaks seen in previous cycles, and meaningfully above the -1.5s lows touched during the 2022 and mid-2023 dislocations. In practice, this indicates that the stock is currently trading near its long-term historical fair value, without signs of excessive optimism being priced in.

The Cross Z-Score, which benchmarks Amazon's valuation against the sector, delivers a similar message: the company remains in neutral to slightly undervalued territory, around 0 to +0.3s. This reinforces the idea that the market is not overpaying for the stock relative to peers, despite its structurally superior growth profile and improving operating leverage.

Further support comes from the internal proprietary screening model, built exclusively on fundamental metrics rather than market prices. The model shows a consistently strong picture: the Z-Mom oscillates between 1.0 and 1.5, historically elevated levels for Amazon, while the Z-Cross remains stable around 0.35. Together, these indicators sum to roughly 1.40, signalling a fundamentally robust setup aligned with companies exhibiting both operational momentum and resilient valuation support.

Overall, Amazon appears positioned at the intersection of strengthening fundamentals, neutral-to-attractive valuation levels, and positive fundamental momentum. This combination outlines a constructive medium-term risk/reward and suggests that the current pricing represents a compelling entry point for investors seeking exposure to a diversified, high-quality growth compounder.

Source: Morningstar Direct