Azimut Investments High Conviction Global Equities SMA

Monthly Investment Report
As of 31/01/2026

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

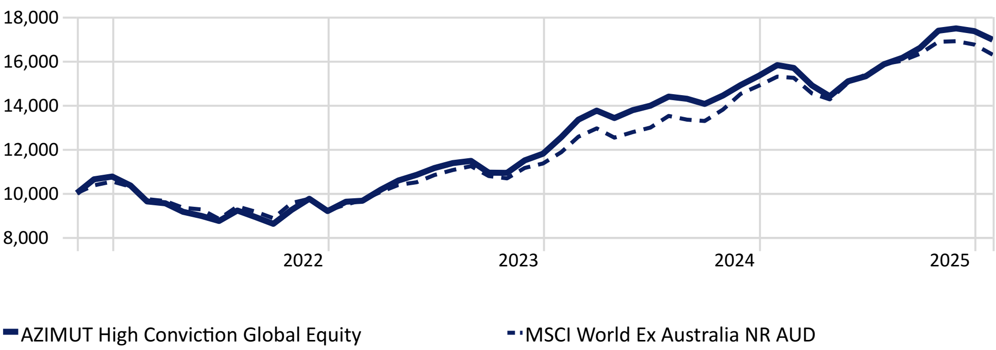
Latest Performance*

	1-mth	3-mths	6-mths	1-yr	2-yr	3-yr	S.I.
AZIMUT High Con Global Equity	-2.24	-2.35	7.02	7.30	16.32	20.88	11.89
MSCI World Ex Australia NR AUD	-2.75	-3.47	2.66	6.53	17.20	19.77	11.50

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

18.7

0 50

Low Risk Severe Risk

Sovereign ESG Risk Score

0 50

Low Risk Severe Risk

ESG Pillar Score

5.1 Environmental

7.8 Social

4.4 Governance

0.0 Unallocated

Source: Morningstar Direct

Azimut Investments High Conviction Global Equities SMA

Monthly Investment Report
As of 31/01/2026

Top 10 Holdings

Portfolio Date: 31/01/2026

	%
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: 31/01/2026

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: 31/01/2026

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 50 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.

This document has been prepared by AZ Sestante Limited, ABN 94 106 888 662, AFSL 284 442 (AZ Sestante). This document is not an offer of securities or financial products, nor is it financial product advice. As this document has been prepared without taking account of any investors' particular objectives, financial situation or needs, you should consider its appropriateness having regard to your objectives, financial situation and needs before taking any action. Past performance is not a reliable indicator of future results. Although specific information has been prepared from sources believed to be reliable, we offer no guarantees as to its accuracy or completeness. The information stated, opininions expressed and estimates given constitute best judgement at the time of publication and are subject to change without notice. Consequently, although this document is provided in good faith, it is not intended to create any legal liability on the part of any other entity and does not vary the erms of a relevant disclosure statement. All dollars are Australian unless otherwise specified.

Source: Morningstar Direct

Market Commentary

Geopolitical tensions mounted on all fronts with a return to U.S. interventionism in Venezuela, Iran and Greenland. International tensions fuelled volatility and caution, particularly in energy markets and in risk-sensitive asset classes. At the same time, the release of corporate earnings provided mixed signals, with some U.S. big tech names failing to completely meet investors' expectations. Overall, most equity markets posted positive performances, despite marked disparities between sectors and a degree of volatility among individual stocks. The appointment of Warsh to replace Powell as Fed Chair in May 2026 was viewed positively by the markets, as it reinforced the idea of the Fed's independence.

U.S. economic growth in Q3 was revised upward to +4.4% YoY (from previous estimate of 4.3%), its highest level in two years. This performance remains mainly driven by household consumption, particularly in services. Meanwhile, delayed core PCE inflation, (the Fed's favourite measure of price increases), for October and November, confirmed a stable rate at 2.7% in October and 2.8% in November. The composite PMI edged slightly higher (from 52.7 to 52.8), signalling a modest improvement in private sector activity. Growth in manufacturing increased and surpassed that in services (54.8 vs. 52.5), but there is evidence of a slowdown in orders in both sectors due to the decline in exports. In Europe, Q4 GDP grew more than expected (0.3%). In addition to the reacceleration in Spain, Germany and Italy also surprised on the upside. In 2025, the eurozone grew by 1.5%, overall showing a good ability to withstand a highly uncertain international environment. The PMI composite index remained unchanged (51.5) compared with the previous month, although slightly below expectations (51.8), pointing to a temporary stabilisation in the private sector growth. Expansion continued to be driven by the service sector, which remained in expansionary territory despite a moderation from the previous month (51.9 vs. 52.4). Meanwhile, the manufacturing sector remained in contraction territory (49.4), improving from the previous 48.8.

As far as central banks go, the FOMC decided to keep interest rates unchanged (in the 3.50%–3.75% range), while acknowledging the improvement in macroeconomic conditions and the stabilisation of the labour market. Monetary policy is now in neutral territory, which raises the bar for further rate cuts. The current scenario is consistent with a Fed in "wait-and-see" mode for at least the next few months. Looking at the ECB, markets expect it to keep the deposit rate at 2.00% and the main refinancing rate at 2.15% at the next meeting on February 4–5. The Bank of Japan (BoJ) kept its key interest rates unchanged at 0.75%, amid inflation likely to be +2.8% in December (ex-food and energy), following a 25 basis points hike in December. However, the monetary policy meeting confirmed that further rate hikes are still planned, reinforcing the monetary tightening currently underway. Investors expect 2 to 3 rate hikes before year end.

Despite the relentless geopolitical news flow fuelled by Trump, volatility on government bonds was pretty much contained. Treasury market reaction was muted, with yields broadly stable and the 10-year marginally higher around 4.23%, while lower front-end yields, also supported by the equity market correction, and higher ultra-long yields led to a steepening of the curve. The ten-year Bund was unchanged (2.84%), while Italian and French government bonds have consolidated their performance: the OAT–Bund spread fell to a low of 56 basis points, supported by the passage of the no-confidence motions against the Lecornu government. The BTP–Bund spread remains stable around 60 basis points (vs 70 basis points at the beginning of January).

The forex market was dominated by a sharp decline in the U.S dollar, which weakened against all major currencies before the FOMC reaffirmed the Fed's current monetary policy stance and the appointment of Warsh, as new Fed Chair, helping a partial recovery of the greenback. Beyond the well-known geopolitical tensions, the dollar has recently been weighed down by broader reassessments of fiscal sustainability and the institutional stability of the Federal Reserve. After briefly breaking above the 1.20 level intraday, the EUR/USD exchange pulled back to 1.1850. USD/JPY has been the highlight of the month after Japanese authorities indicated that they were in close coordination with the U.S. to stem the yen's depreciation. The pair fell to 152 (from 159), amid market rumours that the BoJ had asked the US Treasury to intervene on its behalf.

On the commodity front, oil prices ended the month higher (US$72/b), after comments by Trump about possible military action against Iran, reigniting concerns about supply disruptions in the Middle East. Gas prices hit historic highs (+38% during the month) on an exceptionally cold winter. Precious metals have been rising since the start of the year reflecting investors' growing appetite for safe-haven assets amid intensifying global geopolitical threats. Gold continued to rise sharply (+15% year to date), breaking through US$5,300/oz, amid ongoing purchases by central banks seeking to reduce their dollar reserves. Gold and silver alike though posted sharp corrections at the end of the month following the change in rules on leveraged position margins and Warsh's appointment.

Among the three best performing names for the month were ASML, Taiwan Semiconductor and Caterpillar. While among the worst performing names were Microsoft, Abbott Laboratories and LVMH Moet Hennessy Louis Vuitton.

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 2.5%) to be allocated.

Source: Morningstar Direct

Market Commentary

Company Overview: COP U.S. Equity – ConocoPhillips

ConocoPhillips is a pure upstream oil and gas company focused on the exploration, development and production of hydrocarbons, with no material downstream exposure. The absence of refining and marketing activities results in a business profile that is more cyclical than integrated majors but also provides higher operational and financial leverage to commodity prices.

The product mix is heavily oil-weighted, with crude oil accounting for approximately 65–70% of average revenues over the past three years. Natural gas contributes around 15%, while natural gas liquids (NGLs) and bitumen represent roughly 5% and 10%, respectively. This composition highlights ConocoPhillips' strong sensitivity to oil price dynamics, with gas exposure primarily serving as portfolio diversification rather than a standalone growth driver. Geographically, revenues are predominantly generated in the U.S. Lower 48, which account for approximately 65–70% of the three-year average, reflecting the company's significant exposure to shale and other short-cycle assets. Alaska contributes around 10–12%, providing longer-life and more stable production, while Canada, Asia Pacific, Europe, the Middle East and North Africa collectively represent a smaller but strategically relevant share, supporting geographic and geopolitical diversification.

ConocoPhillips' business model is built around three core pillars: asset quality, capital discipline, and free cash flow maximisation. The company prioritises low breakeven projects and maintains a disciplined approach to capital spending, even during commodity upcycles. Volume growth is not a primary objective; instead, management focuses on maximising cash generation per share and returning capital to shareholders through dividends and share repurchases.

Overall, ConocoPhillips offers a direct, leveraged exposure to the oil price cycle. In supportive commodity environments, the model enables rapid free cash flow expansion, while in downturns the lack of downstream operations increases earnings volatility, making financial discipline and portfolio quality critical to risk management.

The recent re-rating of ConocoPhillips, including the +18% performance recorded in January 2026, should be read primarily in the context of oil price dynamics rather than company-specific multiple expansion. After trading at local lows below US$55/bbl, oil prices rebounded toward the US $64/bbl area, driven by a combination of rigid supply conditions and a demand outlook that has proven more resilient than expected. While the macro environment remains mixed, improving signals from manufacturing PMIs and industrial activity suggest that demand destruction has been more limited, reducing downside risks for crude prices in the near term.

From a valuation perspective, the combined Z-score analysis provides a balanced picture. On a self-relative basis, the valuation/momentum signal has recently crossed the +1.5 standard deviation threshold, indicating that the stock has moved into a more extended zone versus its own historical trading range following the recent rally. Conversely, the cross-sector Z-score remains broadly around the mean, suggesting that ConocoPhillips is not materially overvalued relative to peers, and that the recent performance largely reflects macro normalisation rather than excessive relative exuberance.

Overall, while near-term upside may be more incremental after the sharp rebound, current valuation levels do not appear stretched in a cross-sectional context. In a portfolio construction framework, ConocoPhillips continues to represent a credible and financially robust oil proxy, offering diversification benefits through exposure to the energy cycle.

Given a scenario of oil prices stabilising rather than collapsing, we remain comfortable holding the position, with confidence supported by balance sheet strength, cash flow resilience and the absence of clear valuation excesses versus the broader sector.

Source: Morningstar Direct