Azimut Investments High Conviction Global Equities SMA

Monthly Investment Report
As of 31/08/2024

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

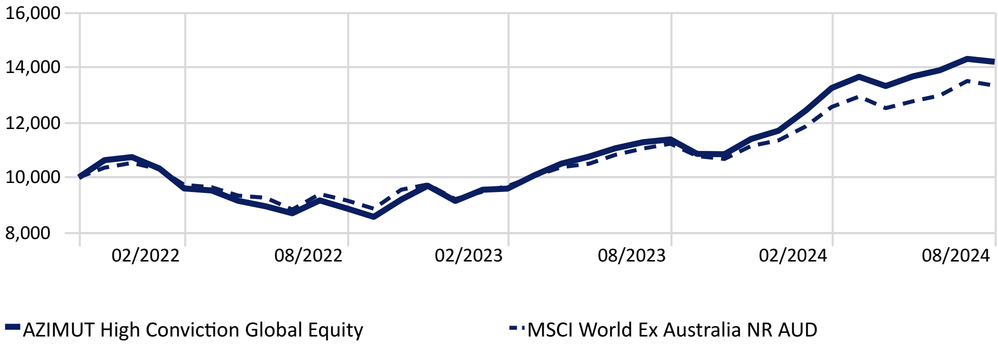
Latest Performance*

	1-mth	3-mths	6-mths	1-yr	2-yr	S.I.
AZIMUT High Con Global Equity	-0.75	3.86	7.19	24.81	26.60	11.14
MSCI World Ex Australia NR AUD	-1.24	4.44	6.18	18.83	20.71	9.66

Investment Approach

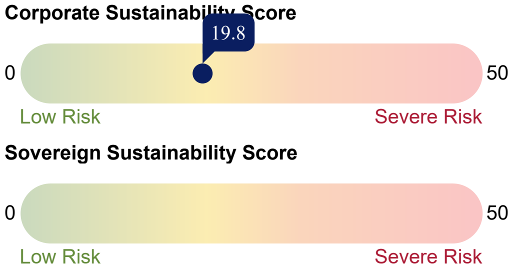
The portfolio employs a combination of top down and bottom-up analysis. The process seeks to exploit market trends, strength of trends and potential turning points to make statistically favourable decisions. The portfolio strategy is based on identifying stocks with the highest expected risk adjusted 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

AZIMUT High Conviction Global Equity



ESG Pillar Score

4.0 Environmental
9.0 Social
6.4 Governance
0.1 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

Top 10 Holdings

Portfolio Date: 31/08/2024

	%
Apple Inc	5.20
JPMorgan Chase & Co	5.14
Alphabet Inc Class A	4.91
ASML Holding NV	4.81
Microsoft Corp	4.74
Costco Wholesale Corp	4.36
Lvmh Moet Hennessy Louis Vuitton SE	4.29
Taiwan Semiconductor Manufacturing Co Ltd ADR	4.09
NVIDIA Corp	3.75
Toyota Motor Corp	3.75

Equity Sectors

Portfolio Date: 31/08/2024

Basic Materials	2.61
Consumer Cyclical	13.83
Financial Services	18.45
Real Estate	0.00
Consumer Defensive	7.10
Healthcare	12.55
Utilities	3.52
Communication Services	6.51
Energy	3.59
Industrials	8.68
Technology	23.15

Regional Exposure

Portfolio Date: 31/08/2024

North America	63.50%
Latin America	0.00%
United Kingdom	0.00%
Europe Developed	26.98%
Europe Emerging	0.00%
Africa/Middle East	0.00%
Japan	3.84%
Asia Developed	4.19%
Asia Emerging	1.49%

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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Source: Morningstar Direct

Market Commentary

August was an eventful and volatile month for financial markets. Japanese equities and the yen also experienced extreme swings following the Bank of Japan's unexpected rate hike. Against this backdrop of low summer liquidity, volatility in US equities temporarily reached extreme levels, familiar from past market crises. Fears were soon allayed, however, as central bankers, and the Fed in particular, reassured investors of the shift in focus from inflationary risk to growth risk. This pivot by the central banks enabled fixed income indices to deliver positive performances, and equities to erase their losses of the beginning of the month and, for the most part, post a new positive performance, as investors were reassured by good results from US companies as well as several above-expectation macro-economic statistics.

Looking at the economy, the second revision of US GDP has confirmed that the economy grew in Q2 more than originally estimated: from 2.8% to 3% (compared to 1.4% in Q1). Among the factors that most contributed to the upward revision were private consumption, which further confirmed its role as the driver of growth. This data has strengthened expectations for a soft landing of the US economy, although the upcoming labour market data will be crucial. In the meanwhile, PMIs for August confirmed the divergence between the manufacturing and services sectors. While the manufacturing PMI fell more than expected over the month to 48.0, the services PMI rose to 55.2, returning to its highest level since April 2022. The PCE index of price changes for goods and services purchased by consumers came in at 2.5%yoy in July, in line with the previous month's 2.5% and with the consensus. Excluding volatile elements, the Fed's favourite inflation measure remained stable compared with June, at 2.6%.

In the Eurozone, the economy grew by 0.3% in the second quarter, supported by growth in France, Italy, and Spain, despite an unexpected contraction in Germany. However, signs of weakness were observed in the industry sector, with industrial production contracting in June. Additionally, the PMI indices continued to send mixed signals. The manufacturing sector index fell more than expected in August (to 45.6) and has been in contraction for two years now. In contrast, the services sector index rose sharply, to return to its annual high of 53.3. The services sector benefited in particular from the Paris Olympic Games. These preliminary figures underline the fact that the economic situation in the Eurozone continues to deteriorate. Business sentiment continued to deteriorate in Germany with the IFO falling to 86.6 in August (compared with 87 last month). This is the fourth consecutive month of decline, following a brief upturn in the first quarter of the year. This reading confirmed indications from PMI’s and the problematic cyclical phase for the euro area. Inflation slowed from 2.6% to 2.2%, in line with expectations, marking the lowest value since July 2021. Core inflation has also seen a slight decline (from 2.9% to 2.8%). However, inflation in services remains robust and has actually re-accelerated to 4.2%yoy, up from 4% in July. Nonetheless, this data should not pose an obstacle to a second rate cut by the ECB. The second wave of inflation that Japan has faced since the start of the year convinced the BoJ to tighten its monetary policy by raising its key rate at its March and July meetings. Governor Kazuo Ueda stated that further rate hikes would be justified in view of the continuing rise in prices (2,6% in August). In China, there is a contrast between the national Manufacturing PMI (which is contracting and below expectations) and the Caixin PMI (for small exporting enterprises), which has returned to expansion (50.4 from 49.8). However, the latter tends to be more volatile, and there remains an underlying weakness in domestic demand.

As far as central banks go Powell stated at Jackson Hole that “the time has come for policy to adjust”, but he preferred to remain pragmatic about the extent of the cuts and the path of easing cycle. Labour market data in the coming weeks will provide more information on the monetary policy outlook, particularly after Powell shifted the focus from inflation to the labour market. The market is currently pricing in a 100bp reduction by the end of the year, with a first cut of 25bp in September. The decline in inflation in the Eurozone and the collapse of inflation in Germany pave the way for a second rate cut by the ECB on Sept 12.

Turning to commodities, gold prices set new all-time highs at $2,500oz. Since the beginning of the year, the yellow metal has posted a remarkable performance of +21.5%, driven by high demand from several Central Banks, expectations of interest rate cuts in the United States and heightened uncertainties of geopolitical tensions. In recent weeks, gold's rise has been accentuated by the US dollar's return to annual lows. Oil prices jumped from its month’s low to 82,5$/b amid renewed tension in the Middle East. This rise followed the firing of missiles by Hezbollah against Israel.

Among the best three names for the month were Nike, Costco and Allianz. While among the worst three names were Toyota, Alphabet and ASML.

Source: Morningstar Direct