Azimut Investments High Conviction Global Equities SMA

Monthly Investment Report
As of 30/04/2026

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

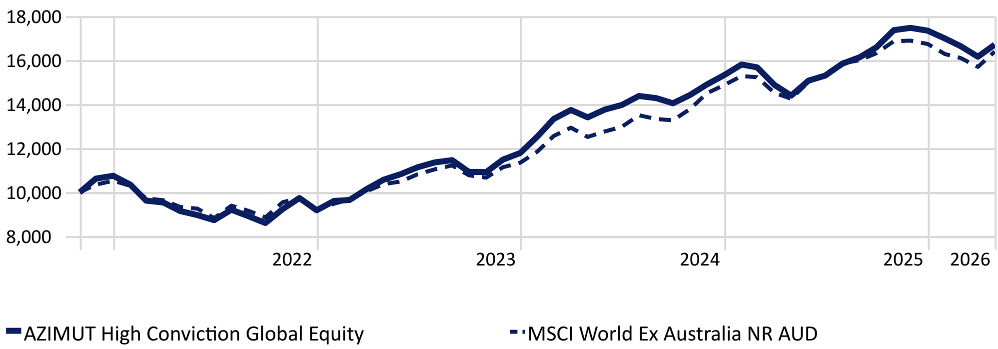
Latest Performance*

	1-mth	3-mths	6-mths	1-yr	2-yr	3-yr	S.I.
AZIMUT High Con Global Equity	3.39	-1.65	-3.80	16.09	11.65	16.50	10.81
MSCI World Ex Australia NR AUD	4.44	0.71	-2.78	15.06	14.48	16.52	10.99

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.

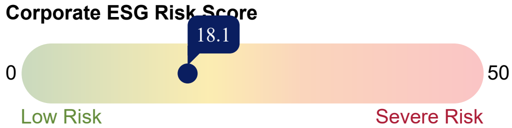
$10,000 invested over time



ESG Risk Score

● AZIMUT High Conviction Global Equity

Corporate ESG Risk Score



Sovereign ESG Risk Score

ESG Pillar Score

5.3 Environmental	7.7 Social
4.8 Governance	0.0 Unallocated

Source: Morningstar Direct

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Top 10 Holdings

Portfolio Date: 30/04/2026

	%
Alphabet Inc Class A	5.00
Apple Inc	5.00
JPMorgan Chase & Co	5.00
Microsoft Corp	5.00
NVIDIA Corp	5.00
Taiwan Semiconductor Manufacturing Co Ltd ADR	5.00
ASML Holding NV	4.75
Caterpillar Inc	3.75
ConocoPhillips	3.75
Allianz SE	3.50

Equity Sectors

Portfolio Date: 30/04/2026

Basic Materials	2.82
Consumer Cyclical	11.28
Financial Services	18.46
Real Estate	0.00
Consumer Defensive	6.15
Healthcare	9.23
Utilities	3.59
Communication Services	7.95
Energy	3.85
Industrials	11.28
Technology	25.38

Regional Exposure

Portfolio Date: 30/04/2026

North America	65.90%
Latin America	0.00%
United Kingdom	0.00%
Europe Developed	23.59%
Europe Emerging	0.00%
Africa/Middle East	0.00%
Japan	2.56%
Asia Developed	5.13%
Asia Emerging	2.82%

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.

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Source: Morningstar Direct

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Market Commentary

Despite the significant disruption to traffic through the Strait of Hormuz, the continuation of the ceasefire in the Middle East, combined with the ongoing dialogue between Iran and the United States has fostered an overall positive sentiment and pointed toward an imminent resolution of the conflict. The meetings of the major central banks broadly confirmed expectations, leaving their monetary-policy stance unchanged thereby avoiding any dampening of investor risk appetite. The risk-on environment was also fuelled by the resilience of the economic backdrop, while the strongest earnings season in four years has allowed many markets (namely U.S.) to reach new highs.

Looking at the macro picture the first estimate of Q1 economic growth in the United States came in at +2.0% QoQ (below a consensus forecast of 2.3%). Growth accelerated sharply compared to the +0.5% rate recorded in the previous quarter, which had been heavily impacted by the shutdown. Household consumption, particularly of services, remained the main driver of growth, along with capital expenditures, driven largely by capital deployed by major tech companies to build data centres. On the price front, there has been a rise in inflationary pressures (the PCE rose from 2.8% to 3.5% YoY, and core PCE from 3% to 3.2%). European growth slowed in 1Q26 (+0.1% QoQ versus +0.2% expected). By country, growth remained highly dependent on peripheral economies such as Spain (+0.6%), while core economies such as Germany (+0.3%) and France (0%) continued to underperform. Meanwhile CPI continued to accelerate (3% YoY as expected versus 2.6% in March). For now, the rise in prices appears to be largely confined to energy costs, allowing core inflation to continue slowing (2.2% vs. 2.3% in March) thanks to the services component. China's economic growth rebounded more than expected in the first quarter of 2026, suggesting that the impact of the war in Iran has remained limited so far. Buoyed by strength in the manufacturing sector and exports, GDP grew by 5% year-on-year, marking the fastest growth in three quarters. Nevertheless, exports tumbled in March, sharply affected by the geopolitical tensions.

On monetary policy, the Fed left rates unchanged at Jerome Powell's last meeting as Chair, which saw the most dissents of his tenure. Three members opposed the more dovish rhetoric and another one voted for a cut. Powell indicated he will remain on the Board of Governors after his term ends in May, limiting Donald Trump's ability to quickly appoint a more dovish governor. The ECB decided to leave its key interest rates unchanged (at 2% for the deposit rate) while adopting a more hawkish tone. While patience prevails amid an uncertain economic environment fuelled by the situation in the Middle East, the central bank nevertheless highlighted rising upside risks to inflation and downside risks to growth. Markets, almost fully price in a 25 basis points hike in June, and two more hikes by the end of the year.

Fixed income markets remained driven by sentiment, oscillating between tactical risk-on phases and rapid repricing linked to geopolitical and energy risks, with a persistent upward pressure on yields, particularly at the front end of the curve. However, the picture remains complex, with conflicting forces between elevated inflation and growing signs of a cyclical slowdown. Trade tensions, particularly new tariff threats targeting the European auto sector, add another headwind to growth. Similarly, in the U.S. the curve maintains a flattening bias, with the front end particularly sensitive to macro data dynamics and uncertainty over the Fed's policy path, also in light of the recent internal divergences. On sovereign spreads, the environment remains relatively stable (Btp/Bund spread at 83 basis points).

On the forex market, geopolitical tensions and the meetings of the major central banks did not generate particularly significant changes. The euro-dollar rate remained largely stable above 1.17. The dynamics were more pronounced in USD/JPY, which came under heavy selling pressure after reaching a high of 160.72 on 30 April, before collapsing to 155.50 following the intervention by Japanese monetary authorities in defence of the yen

Looking at commodities "Project Freedom" in the Strait of Hormuz introduces operational uncertainty, keeping oil prices high. The Brent price was very volatile during the month, after the peak at 140$/barrel, Brent consolidated at lower levels, almost unchanged from the start of the month (122 $/barrel). In other market segments, Gold fell slightly to around US$4,600/oz, while silver settled around US$75.25/oz. Bitcoin led the rally in cryptocurrencies, trading at around US$95,000.

Among the three best performing names for the month were Alphabet, Caterpillar and Taiwan Semiconductor. While among the worst performing names were ConocoPhillips, EssilorLuxottica and Toyota.

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: Microsoft Corp (MSFT US)

Microsoft operates a highly diversified and scalable business model, having successfully transitioned from traditional software licensing to an ecosystem built on cloud computing and recurring subscriptions (SaaS). The company is structured around three main operating segments that together create a dominant technology platform across both the enterprise and consumer spaces.

Productivity & Business Processes acts as the defensive and highly predictable foundation. It includes subscriptions to Microsoft 365, LinkedIn, and Dynamics. The segment accounts for approximately 41% of total revenue (LTM), displaying near-perfect stability compared to its 3-year average (42%). This guarantees continuous, visible cash flows driven by the strong lock-in effect of its software ecosystem.

Intelligent Cloud is the true growth engine and core business of the company. Encompassing Azure and server products, this segment shows the most significant leap. It currently contributes around 41% of revenues, marking a sharp increase from its 3-year average of 36%. This expansion reflects the massive corporate migration to the cloud and the strong tailwinds from Artificial Intelligence integration.

More Personal Computing is the segment tied to Windows, gaming (Xbox), and Surface devices. The data highlights a progressive, strategic downsize. Its relative weight has dropped to 18% of current revenue, compared to a 3-year average of 22%. While still generating significant volume and profit, its impact naturally decreases as the revenue mix shifts toward higher-margin Cloud services.

Geographically, the company's diversification is extremely well-balanced. The United States generates 51% of revenues, while the remaining 49% comes from international markets. Within the international breakdown, the predominant component is the EMEA region (led by key markets like the UK, Germany, and France), followed by a solid footprint in APAC (primarily Japan and Australia) and Latin America. This broad exposure provides a natural hedge against any single regional economic slowdown.

From a valuation perspective, Microsoft's recent repricing offers a compelling entry point into a globally dominant asset. Our proprietary 2-year rolling Z-score (an equal weighted blend of P/E, P/CF, and EV/EBITDA) highlights a significant discount to its recent history. While the Cross Z-Score confirms a justified structural premium versus the sector due to its Cloud and AI leadership, the Self Z-Score has plunged into deeply negative territory. This clearly indicates the market is currently pricing Microsoft at unusually cheap multiples compared to its own historical baseline.

This severe de-rating was triggered by a broader bearish vortex that swept the entire software sector. From its peaks in late October 2025 through the end of March 2026, the stock suffered a heavy 34% drawdown, penalised by sector rotation and market fears surrounding the intensity of its capital expenditures. However, the picture shifted radically in April, with Microsoft showing extraordinary relative strength and posting a rapid 10% rebound. This was not a mere technical bounce but was fully validated by the robust recent quarterly earnings, which swept away doubts about profitability and cash generation. When assessing the market's initial fear regarding the massive Capex pipeline, it is crucial to consider the underlying macro and energy factors. The unprecedented build-out of AI data centres requires enormous, structural increases in electricity consumption. In a global energy market still highly sensitive to Middle East geopolitical conflicts, including the lingering threat of disruptions in the Strait of Hormuz, energy price volatility is a critical hidden variable for tech hardware and infrastructure. However, Microsoft has proactively anticipated this bottleneck. By aggressively securing long-term Power Purchase Agreements (PPAs) and investing in clean, domestically produced energy to power its servers, the company has created a structural hedge. This strategic foresight protects its exceptional 62.6% EBITDA margin from external fossil fuel shocks.

Consequently, the indiscriminate penalisation of the software sector has created a rare window of opportunity. With valuations compressed but business fundamentals stronger than ever, the current pricing represents a severe market mismatch. The combination of an upgraded, "monster" cash-generating business model and a derated valuation makes Microsoft a highly attractive core holding, offering investors the chance to acquire secular AI growth at a deeply discounted, risk-adjusted premium.

Source: Morningstar Direct