

Azimut Investments High Conviction Global Equities SMA

Monthly Investment Report
As of 31/05/2026



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

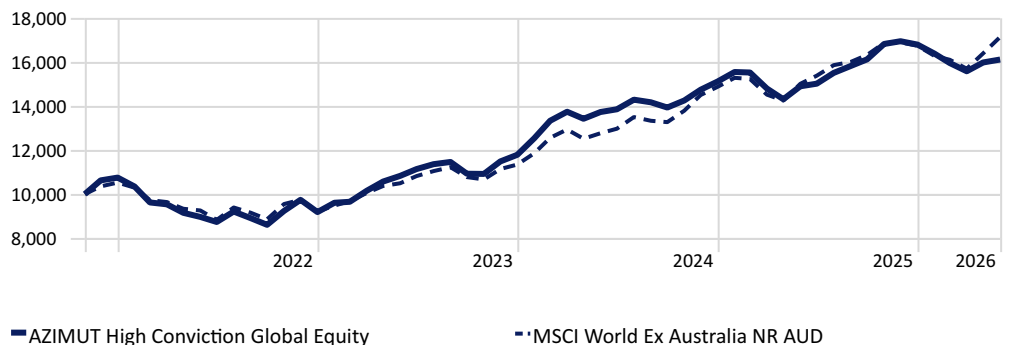
Latest Performance*

	1-mth	3-mths	6-mths	1-yr	2-yr	3-yr	S.I.
AZIMUT High Con Global Equity	0.84	1.01	-4.90	8.17	8.34	14.19	9.71
MSCI World Ex Australia NR AUD	4.53	6.44	1.46	14.18	15.88	17.79	11.87

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: 31/05/2026	
	%
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	5.00
ASML Holding NV	4.75
Caterpillar Inc	3.75
ConocoPhillips	3.75
Allianz SE	3.50

Equity Sectors

Portfolio Date: 31/05/2026	
	%
Basic Materials	3.08
Consumer Cyclical	10.77
Financial Services	18.46
Real Estate	0.00
Consumer Defensive	5.64
Healthcare	7.69
Utilities	3.59
Communication Services	7.95
Energy	3.85
Industrials	11.28
Technology	27.69

Regional Exposure

Portfolio Date: 31/05/2026	
	%
North America	66.67%
Latin America	0.00%
United Kingdom	0.00%
Europe Developed	23.33%
Europe Emerging	0.00%
Africa/Middle East	0.00%
Japan	2.05%
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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Market Commentary

Markets performed strongly in May, supported by growing optimism that tensions in the Middle East could stabilise in the near term. Progress in diplomatic talks between the United States and Iran fuelled expectations of a potential breakthrough, although the broader environment remained shaped by the volatility of the political and geopolitical landscape. This backdrop unfolded within a global macroeconomic environment that has, so far, demonstrated notable resilience to the energy price shock. Equity markets also benefited from a particularly strong first-quarter 2026 earnings season, which reinforced confidence in the underlying strength of the global economy. In the United States, major equity indices continued to reach new record highs, led by the technology sector and sustained enthusiasm surrounding artificial intelligence.

Looking at the macro picture, in the U.S. the latest data release pointed to a mixed picture. The second estimate of GDP showed a sharp deceleration in growth during the second quarter, with annualised GDP growth, revised down by 0.4% to 1.6%. At the same time, signs of softer demand are becoming more evident: retail sales came in below expectations, in a context where higher energy prices are likely to weigh on real purchasing power. The FED's preferred inflation gauge, the PCE, saw its annual growth rate accelerate from 3.5% to 3.8% in April, reaching its highest level in nearly three years. Excluding energy and food, core PCE inflation also rose over the month, albeit more moderately, to 3.3% from 3.2% with a monthly print of 0.2%, slightly below expectations. Overall, the picture is one of an energy driven headline alongside a core component that is gradually moderating. In the eurozone, the flash PMI data for May appears to provide the first indication that the conflict is beginning to exert a tangible impact on economic activity, pointing to stagnant growth in the second quarter alongside rising inflationary pressures. The composite index fell more than expected to 47.5 from 48.8 (the lowest level since October 2023); the decline was broad-based affecting both the manufacturing (51.4 from 52.2) and services (46.4 from 47.6). Consumer price inflation continued to accelerate in May, rising from 3.0% to 3.2% YoY, in line with expectations. Reflation continued to be driven by energy prices, although the data also highlighted an acceleration in prices for certain services. Core inflation, excluding energy and food, rose from 2.2% to 2.5%. In China, both official and private manufacturing PMIs show deterioration but better-than-expected readings at 50.0 and 51.8 respectively with high-end manufacturing seeing resilience while low-end manufacturing suffering from higher input costs. Business confidence remains weak, but the outlook for industrial prices is improving, while consumer price trends are back in positive territory.

The conflict in the Middle East has made the outlook for monetary policy more uncertain. Upward pressure on inflation has prompted the FED to shift from an accommodative stance to a neutral one, with a growing openness to potential rate hikes should inflation persist above 2%. Markets expect the FED to hike its policy rate in the next 12 months, despite rising number of dissents within the FOMC. In the euro area the ECB is increasingly acknowledging the risks associated with the energy shock, which could translate into a combination of weaker growth and higher inflation, making the currently priced tightening path less straightforward. Markets continue to expect the ECB to raise rates by 25 basis points in June and potentially implement two further rate hikes by the end of the year.

Sovereign yields were highly volatile as concerns regarding the sustainability of public finance trajectories returned to the forefront amid political uncertainty surrounding a new government in the United Kingdom. These political tensions compounded an already elevated inflation premium driven by rising energy prices, creating fresh pressure on the sovereign debt market, particularly for long-term maturities. As a result, German 10-year yields reached 3.12%, UK yields reached 5.20%, and the US 10-year yield tested the 4.60% level. Over the last two weeks yields have edged lower, driven by further de-escalation signals coming from the Middle East that would pave the way for the reopening of the Strait of Hormuz. However, the timeline remains uncertain. The improvement in sentiment led to a more pronounced decline in long-end yields and a flattening of the curve. The 10y Treasury fell by more than 20 basis points to 4.45% and the UK Gilt to 4.85%. In the euro area the 10-year Bund dropped below the 3% level. Peripheral spreads remained broadly stable with the BTP-Bund spread around 72 basis points.

On the forex market the focus remains firmly on tensions in the Middle East. The USD continues to act as a safe-haven currency. The euro-dollar rate remained largely stable, trading rangebound around 1.165. USD/JPY continued to stand out as one of the key drivers in the FX market, with the dollar once again targeting the 160.00 level increasing the likelihood of intervention by Japanese authorities.

Looking at commodities, the acceleration in negotiations has pushed the Brent price to 93\$/b, compared with the peak of over 120\$/b, reached at the height of the conflict.

Among the three best performing names for the month were Micron, Apple and ASML. While among the worst performing names were NextEra, Tencent and Waste Management.

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.

Market Commentary

Company Overview: ServiceNow, Inc (NOW US)

ServiceNow operates a highly scalable business model based on cloud computing, positioning itself as a global leader in enterprise workflow automation. The company is structured around a unified ecosystem (the "Now Platform") that acts as a central control system to digitise and connect processes across IT, human resources, and customer service, guaranteeing highly recurring revenues through a Software-as-a-Service (SaaS) subscription model. The revenue breakdown by product clearly reflects the strength of this infrastructure.

Subscription is the core growth engine and constitutes the defensive, highly predictable component of the business. As the data highlights, this segment accounts for approximately 97% of total revenues (specifically 96.9% at the end of 2025), ensuring continuous, highly visible cash flows driven by the strong lock-in effect of its architecture. Within this segment, the overwhelming majority is driven by Digital Workflow Products, which alone account for nearly 86% of current revenues, propelled by the large-scale migration of major corporations toward integrated digital service management. The remaining subscriptions are attributable to ITOM Products (IT Operations Management), contributing around 11%, acting as an essential support layer for the optimisation and control of technological infrastructure.

Professional Services & Other represents the tactical component tied to onboarding services and technical consulting. As is typical in a pure cloud-native model, the data shows an intentionally marginal relative weight, sitting at just 3% of revenues (3.1% in 2025). The primary objective of this segment is not to maximise direct sales volumes, but rather to facilitate rapid platform implementation and client adoption, seamlessly encouraging the transition to the vastly more profitable recurring subscription line. Geographically, the company's diversification is in a phase of strong global expansion, while remaining solidly anchored to its home market. The domestic North America market represents the primary revenue basin, generating approximately 63% of total sales. The remaining portion derives from successful expansion into international markets: within this overseas breakdown, the predominant share belongs to the EMEA region at around 25%, followed by a solid footprint in the Asia Pacific and Other areas with the remaining 12%.

In the current enterprise software landscape, ServiceNow has established itself as an exceptional growth compounder, demonstrating that massive scale can coexist with expanding profitability. The core of the investment thesis centres on its role as the ultimate operational backbone for corporate digital transformation. Instead of facing a threat from Generative AI, ServiceNow is leveraging AI as a powerful growth catalyst through its "Now Assist" solutions, which drive higher contract values and deepen ecosystem lock-in. Corporations are increasingly utilising ServiceNow to orchestrate complex AI workflows across disparate legacy systems, translating technology adoption into secular top-line growth. The "Financial Stability & Capex" and "Profitability" profiles underscore a remarkably efficient, cash generating business model. Unlike traditional capital-intensive tech expansions, Cash from Operations has climbed steadily to an impressive \$5.44 billion in F2025 (and \$5.44 billion LTM), comfortably outpacing disciplined Capex requirements of just \$868 million. This massive liquidity fuels organic growth and aggressive shareholder returns, including \$3.77 billion in share buybacks (LTM), entirely funded through free cash flow. The dual effect of high-margin SaaS subscriptions is evident as EBITDA expanded to \$2.96 billion in F2025, pushing the EBITDA margin to an outstanding 22.28%. Crucially, this profitability surge is achieved with a robust, de-risked capital structure: long-term debt remains virtually flat at \$2.29 billion, fully offset by a strong cash pile of \$6.28 billion. Consequently, the company enjoys a deeply negative Net Financial Position of -\$3.88 billion and a negative leverage ratio of -1.31x, confirming a substantial net cash fortress. Ultimately, while market participants frequently debate whether new AI models will disrupt workflow automation software, ServiceNow's operational momentum definitively dismisses these concerns. The platform acts as a critical aggregator rather than a victim of AI disruption. With a bulletproof balance sheet, growing cash reserves, and a highly scalable subscription model, the company remains structurally insulated from macroeconomic stress and uniquely positioned to capture long-term enterprise technology spending. From a valuation perspective, ServiceNow's recent repricing offers a compelling entry point into a globally dominant asset.