Azimut Investments High Conviction Global Equities SMA

Monthly Investment Report
As of 30/06/2026

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

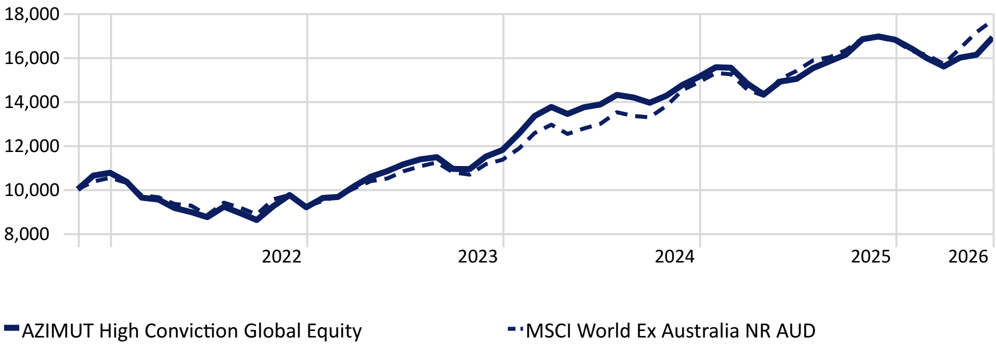
Latest Performance*

	1-mth	3-mths	6-mths	1-yr	2-yr	3-yr	S.I.
AZIMUT High Con Global Equity	4.89	8.48	0.65	12.57	10.46	14.93	10.67
MSCI World Ex Australia NR AUD	3.14	12.61	5.60	14.95	16.75	17.80	12.40

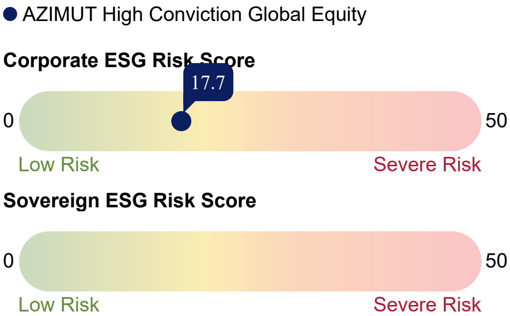
Investment Approach

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

5.5 Environmental
7.8 Social
4.2 Governance
0.0 Unallocated

Source: Morningstar Direct

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Top 10 Holdings

Portfolio Date: 30/06/2026

	%
Taiwan Semiconductor Manufacturing Co Ltd	5.00
Alphabet Inc Class A	5.00
Microsoft Corp	5.00
NVIDIA Corp	5.00
ASML Holding NV	4.76
Apple Inc	4.50
Amazon.com Inc	4.00
JPMorgan Chase & Co	4.00
Caterpillar Inc	3.75
Micron Technology Inc	3.50

Equity Sectors

Portfolio Date: 30/06/2026

Basic Materials	3.08
Consumer Cyclical	7.18
Financial Services	15.90
Real Estate	0.00
Consumer Defensive	4.62
Healthcare	7.69
Utilities	3.08
Communication Services	10.51
Energy	3.08
Industrials	11.28
Technology	33.59

Regional Exposure

Portfolio Date: 30/06/2026

North America	69.72%
Latin America	0.00%
United Kingdom	2.05%
Europe Developed	17.71%
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.

Source: Morningstar Direct

Market Commentary

Over the course of the month, markets saw a decline in geopolitical risk, following the peace memorandum under negotiation between the United States and Iran. The faster-than-expected normalisation of flows through the Strait of Hormuz has significantly alleviated pressures on energy supply, with Brent crude returning to late-February levels. Caution remains the watchword, pending official confirmation. Nevertheless, market expectations have supported a rebound in government bonds driven by lower inflation expectations.

Looking at the macro picture, the economy in the United States remains resilient, as illustrated by the strength of the labour market and the scale of capital expenditures announced by technology companies. Growth in Q1 was revised upward (2.1% q/q annualised, vs the initially estimated 1.6%), thanks to a greater contribution from inventories and investment, which more than offset the lower contribution from consumer spending. During the month, manufacturing and services PMIs came in above expectations, retail sales rose 0.9%, marking the fourth consecutive monthly increase and signalling continued strong consumer spending, despite soaring gas prices. PCE price index, the Fed’s preferred measure, came in line with expectation rising by 4.1% YoY (3.4% ex food and energy). Producer prices also rose to levels unseen since 2023. In Europe, economic activity remains sluggish. However, confidence indicators showed a recovery in sentiment in the wake of the de-escalation in the Persian Gulf and declining energy prices. The composite PMI rose to 49.5, still below the 50 threshold, but at its highest level since last March. As expected, the improvement was mainly driven by the services sector (48.9 from 47.7), while the manufacturing sector slightly declined (51.3 from 51.6). Consumer price inflation slowed more than expected last month, coming in at 2.8% compared with 3.2 % in May, and the forecast of 3.0%. Looking at China economic activity came in slightly above expectations, with the manufacturing PMI climbing to 50.3 and the index measuring activity in construction and services reaching 50.2, while consumer confidence remained subdued. In the UK, Starmer announced he would step down as Prime Minister within weeks, paving the way for Andy Burnham to succeed him.

Diverging inflation outlooks have led major central banks to move along increasingly differentiated paths. The ECB hiked rates (deposit rate to 2.25%) but later in the month Lagarde adopted a more dovish stance emphasising that the risks to inflation and growth in the eurozone had receded as a result of the fall in oil prices. The market is now anticipating just one rate rise by the end of the year. The Bank of Japan has continued its normalisation process with another rate increase (policy rate at 1%) and a cautious approach to balance sheet management aimed at limiting long-end volatility. The Bank of England, by contrast, kept rates unchanged at 3.75% as May’s inflation remained stable at 2.8% YoY. In the United States, the first FOMC meeting under Kevin Warsh marked an element of discontinuity with the past by naming inflation as his top priority. While rates were left unchanged (at 3.5–3.75%), Warsh adopted a more hawkish tone signalling its commitment to maintaining price stability. In addition, the FED reaffirmed its independence emphasising that it will not provide forward guidance on interest rates and reaffirming its determination to return inflation to its target. Markets now expect a first hike in October and assign a 30% probability of a second hike before the end of the year.

Looking at government bonds, the decline in energy prices following the agreement between the United States and Iran did not translate into a broad-based decline in yields, with the long end lagging with term premia and supply dynamics continuing to act as constraints. Curves continued to flatten, with long end yields showing limited sensitivity to lower oil prices, while the front end remains anchored by still restrictive monetary policy expectations, as central banks maintain a cautious stance. In the U.S. the removal of explicit forward guidance contributed to a repricing at the front end, with the 2-year yield rising from 4.05% towards 4.13% and the 10-year relatively stable around 4.50%. In the euro area yields have benefited from the lower inflation number: the 10-year Bund returned below 2.90% and the 2-year yield fell to 2.5%, with markets now pricing only one additional ECB rate hike. Peripheral spreads were pretty much stable, with the BTP-Bund unchanged around 75 basis points.

Sentiment continued to be positive for the credit market. Activity was supported by both the corporate segment and the financial sector, with growing participation from subordinated bank issuance. The high-yield market also showed signs of vitality, further expanding the range of opportunities available to investors. The abundant liquidity is keeping spreads at particularly tight levels, allowing the market to absorb potential sources of volatility without significant difficulty.

On the forex market, June was largely dominated by the strength of the dollar, benefiting from the Fed’s shift toward a more restrictive monetary policy. Over the course of the month, the dollar appreciated 2% against the euro, closing at 1.1410, down from 1.165. USD/JPY has once again taken centre stage approaching the all-time high above 162, prompting an intervention by Japanese authorities.

In the commodities market, oil prices declined to a three-month low of US$72 per barrel after the United States and Iran agreed on a roadmap aimed at reaching a final peace resolution. The rebound in the dollar and higher US rate expectations weighed on gold, with the metal now down 6.5% year-to-date (US$4,026/oz). In the second quarter alone, gold lost more than 25% of its value from its peak, marking its worst quarterly performance in over a decade.

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: AbbVie Inc (ABBV US)

AbbVie operates a highly specialised business model as a global biopharmaceutical leader. Structured around the discovery of advanced therapies, it guarantees high-margin revenues by balancing massive internal R&D with aggressive M&A, notably the $60 billion Allergan acquisition, to build a defensive moat against patent expirations.

The revenue breakdown reflects a highly successful portfolio transition. Immunology is the core growth engine, accounting for approximately 52% of total revenues (52.47% LTM), ensuring highly visible cash flows. Within this segment, the expected decline of the former blockbuster Humira, dropping to just 7.83% of total exposure due to patent loss, has been aggressively offset by next-generation therapies. Skyrizi is the new primary revenue driver, alone accounting for over 30% of current revenues (30.31%), working alongside Rinvoq (14.33%) to propel the segment. The remaining portfolio provides essential diversification: Neuroscience contributes a robust 16.73%, acting as a secondary pillar driven by Vraylar and Botox Therapeutic. Oncology and Aesthetics represent the remaining tactical components at 11.43% and 8.39% respectively, balancing the core immunology pipeline.

Geographically, the company's financial profile remains overwhelmingly anchored to its most profitable environment. The domestic United States market is the absolute primary revenue basin, generating a dominant 76.20% of total sales. This asymmetric reliance perfectly illustrates the sector's fundamental pricing dynamics: the lack of centralised state price negotiations in the US allows for significantly higher list prices and profit margins compared to the rest of the world. The remaining portion derives from international markets, representing a smaller, slightly contracting share of 23.80%, reflecting the heavy pricing discounts negotiated by foreign national healthcare systems.

From a valuation perspective, AbbVie (ABBV) presents a textbook case of defensive growth being rightfully rewarded by the market. Following a period of transition anxiety regarding its patent expirations, the stock has exhibited remarkable relative strength, staging a powerful +37% rally from its early May bottom and pushing its YTD performance to approximately +16%. Rather than a speculative surge, this aggressive repricing reflects a flight to quality, cementing AbbVie as an indispensable core holding within the broader healthcare and biotech space for investors seeking highly visible, cycle-resistant cash flows.

To accurately contextualise this recent price action and ensure the stock hasn't run ahead of its fundamentals, it is crucial to evaluate our proprietary algorithmic valuation. The Z-score is computed over a 2-year rolling window, using an equal-weighted combination of P/E, P/CF, and EV/EBITDA multiples. While both the Self and Cross Z-Scores are currently approaching the +1.5 standard deviation (+1.5s) threshold, a deeper analysis reveals that the stock is far from being excessively overvalued.

Looking at the Combined Z-Valuation Self 2Y, the current upward trajectory shows that the valuation remains highly rational and historically contained. Despite the recent +37% price spike, the metric sits well below the company's own recent historical peaks. As the data illustrates, throughout late 2023 and early 2024, AbbVie's Self Z-Score comfortably traded above the +2.5s mark. Therefore, the market is currently pricing AbbVie at a relative discount compared to its own recent premium baseline.

Similarly, the Combined Z-Valuation Cross 2Y highlights a structural, long-term re-rating against its sector peers. The shift from deeply negative territory (seen throughout 2021 and 2022) to the current positive standard deviation range is entirely justified by the successful execution of its post-Humira strategy. The market is fundamentally acknowledging the de-risking of the pipeline and is now willing to pay a justified "defensive premium" for AbbVie's operational resilience and robust dividend coverage.

Consequently, while the stock has enjoyed a strong recent run, it has not entered bubble territory. With business fundamentals stronger than ever and a valuation profile that supports the current multiple expansion, AbbVie remains a highly attractive asset. The combination of a fortified workflow ecosystem in immunology and an entirely rational valuation makes the stock a highly attractive core holding, offering investors the chance to acquire robust secular growth at a fair, risk-adjusted premium.

Source: Morningstar Direct