# Azimut Investments High Conviction Global Equities SMA

Monthly Investment Report
As of 31/08/2026

**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

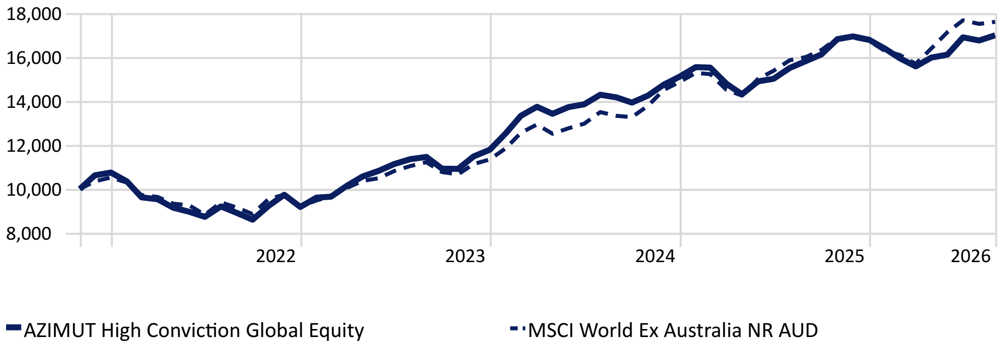
## Latest Performance*

| | 1-mth | 3-mths | 6-mths | 1-yr | 2-yr | 3-yr | S.I. |
|---|---|---|---|---|---|---|---|
| AZIMUT High Con Global Equity | 1.41 | 5.47 | 6.53 | 7.44 | 9.52 | 14.05 | 10.41 |
| MSCI World Ex Australia NR AUD | 0.53 | 2.74 | 9.36 | 10.02 | 14.93 | 16.22 | 11.85 |

## 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.

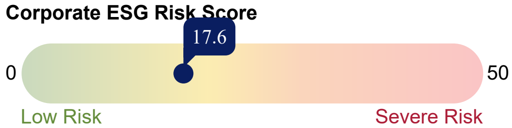
## $10,000 invested over time




## ESG Risk Score

● AZIMUT High Conviction Global Equity

**Corporate ESG Risk Score**




**Sovereign ESG Risk Score**


## ESG Pillar Score

5.8 Environmental

7.8 Social

4.2 Governance

0.0 Unallocated



Source: Morningstar Direct

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## Top 10 Holdings

Portfolio Date: 31/08/2026

| | % |
|---|---|
| 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: 31/08/2026

| | |
|---|---|
| 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: 31/08/2026

| | |
|---|---|
| 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

In August, the global macroeconomic framework remained characterised by persistent inflation, high bond yields, and geopolitical tensions on the energy front. Following July's strong rise, Brent crude hovered around ninety dollars a barrel, supported by the standoff between the United States and Iran and uncertainties surrounding Middle Eastern supplies. Consequently, major central banks maintained a cautious and restrictive stance ahead of their September meetings.

Global equity markets staged a recovery, driven by solid corporate earnings and economic resilience, with the MSCI World gaining 2.6%, the S&P 500 rising 2.7%, and the Nasdaq Composite advancing 4.0%. In the United States, macroeconomic data offered mixed signals: the preliminary composite PMI rose to 56.0 points, second-quarter annualised GDP growth was confirmed at 1.5%, while retail sales decreased by 0.6% and headline inflation stood at 3.4%.

The Eurozone showed an improvement in economic activity, with the final composite PMI climbing to 52.0 points and headline inflation increasing to 3.3%, largely driven by energy components.

On the monetary policy front, the Jackson Hole symposium was the month's primary event, where Federal Reserve Chairman Kevin Warsh reiterated the priority of the 2% inflation target with a hawkish tone, reinforcing expectations for rate hikes by the Fed, the ECB, and the Bank of Japan.

In fixed income, the ten-year US Treasury closed around 4.75%, the German Bund reached the 3.31–3.32% area, and the Italian BTP hit approximately 4.14% with a spread of 82 to 83 basis points. Within credit, High Yield outperformed Investment Grade, while the Dollar Index lost about 0.5% and gold surged by nearly 10% on safe-haven demand.

The three best performing securities for the month were Newmont, ServiceNow and Micron. The poorest performing securities were Alphabet, Tencent and Honeywell.

We rebalanced a few positions during the month without changing the overall sector exposure. As of the end of month, we have a cash buffer of approximately 2.5% to be allocated.



Source: Morningstar Direct

## Market Commentary

**Company Overview: Newmont Corp (NEM US)**

Newmont Corporation (NEM) is the world's leading gold producer and a global leader in the extraction of base metals essential for the energy transition. The company manages a portfolio focused almost exclusively on "Tier-1" assets, mines characterised by high longevity (over 10 years of mine life), massive production scale, and a solid positioning in the lower half of the global All-In Sustaining Cost (AISC) curve.

Following the historic acquisition of Newcrest Mining completed in late 2023, Newmont has further consolidated its global leadership by optimising its portfolio through the targeted divestment of non-core assets and significantly increasing its exposure to copper, effectively aligning itself with the long-term megatrends tied to global electrification.

The revenue breakdown by product perfectly reflects the effectiveness of this hybrid model, which combines the fundamental resilience of a gold behemoth with strategic growth in industrial metals. Gold remains the undisputed core business, accounting for 85.16% of revenues in FY 2025. Although its percentage contribution is experiencing a slight, physiological decline compared to the 3-year historical average (86.37%) due to the revenue mix effect, gold guarantees the backbone of the company's robust cash flows, offering investors powerful operating leverage and a proven safe-haven asset in scenarios of macroeconomic volatility. Copper represents the primary vector for future diversification and growth, rising to 6.34% of total revenues (up from the 6.10% 3-year average). The seamless integration of ex-Newcrest assets (primarily Cadia in Australia and Red Chris in Canada) has drastically accelerated this transition. Accessory metals, including Silver (4.76%), Zinc (2.93%), and Lead (0.81%), also show a structural upward trend (cumulatively representing over 8% of revenues); these derive primarily from the polymetallic operations at the Peñasquito mega-complex in Mexico. Crucially, these metals act as a structural hedge by generating high-margin by-product credits that significantly lower the net cost of gold extraction.

Geographically, Newmont boasts a highly de-risked footprint anchored in stable, investment-grade mining jurisdictions. North America remains the primary basin, representing 38.87% of total exposure (a noticeable increase from the 37.50% historical average), largely driven by the massive volumes of the Nevada Gold Mines Joint Venture and its Canadian assets. The Australia & APAC region recorded the most pronounced structural expansion, jumping from 26.80% to 28.78%, capitalising on the Newcrest acquisition synergies and the full-scale operations of colossal mining hubs like Boddington, Cadia, and Lihir. The global portfolio is optimally balanced by South America (14.74%) and Africa (11.06%), which provide excellent operational diversification and strong returns on capital employed through historically cash generative assets like Yanacocha (Peru) and Ahafo (Ghana).

Newmont (NEM) presents a highly compelling asymmetric risk/reward profile, heavily anchored by its massive operating leverage to spot gold prices, evidenced by a striking 0.94 R-squared correlation between its share price and underlying metal prices. Fuelled by structural sovereign and institutional demand for bullion, the stock staged a violent rally, surging over 40% from late July through late August. However, following the Q2 2026 earnings release, where adjusted EPS of $2.10 slightly missed the $2.18 consensus due to a temporary gold price correction and localised cost increases like higher royalties in Ghana, the stock has experienced a physiological retracement. This dip offers a rare and highly attractive entry point into the world's largest gold producer ahead of a significant structural recovery.

The broader market's near-term myopia is currently mispricing Newmont's operational trajectory. Management has explicitly guided 2026 as a production trough at 5.26 million attributable ounces. However, output is projected to steadily recover toward approximately 6 million ounces by 2030, supported by the ramp-up of key Tier-1 projects including Ahafo North, Tanami Expansion 2, and Goldrush reaching steady-state. Crucially, CEO Natascha Viljoen is expected to reinstate multi-year production guidance in H2 2026, which serves as a major impending re-rating catalyst to restore long-term investor confidence. Additionally, the targeted H2 2026 Final Investment Decision (FID) for the Red Chris Block Cave will unlock significant long-dated copper and gold growth into the 2040s.

To contextualise this fundamental acceleration, we turn to our proprietary algorithmic valuation. The Combined Z-Valuation Self 2Y confirms a definitive internal re-rating that remains fully justified by explosive underlying cash flow generation. The company possesses immense financial firepower to aggressively support its stock price and drive EPS accretion, anchored by a new $6 billion share repurchase program, with a massive $4.3 billion still remaining as of Q2 2026. This aggressive capital return framework ensures that the "Self" multiples remain grounded despite recent share price appreciation.

The true alpha-generating opportunity lies in the relative valuation. The Combined Z-Valuation Cross 2Y highlights a profound anomaly, showing Newmont trading at a severe structural discount compared to its broader mining peers. This heavily depressed Cross Z-Score reflects the market's overreaction to the integration costs and mine sequencing headwinds at the newly acquired Cadia and Lihir assets, which have temporarily dragged Newmont's EBITDA margins behind peers like Agnico Eagle and Gold Fields. Consequently, Newmont represents an optimal core holding, allowing investors to capture an impending Tier-1 operational turnaround, unmatched liquidity generation, and massive shareholder returns at a deeply discounted relative price.



Source: Morningstar Direct