

# Azimut Investments High Conviction Global Equities SMA

Monthly Investment Report  
As of 30/09/2026



## 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](http://www.azimutinvestments.com.au)

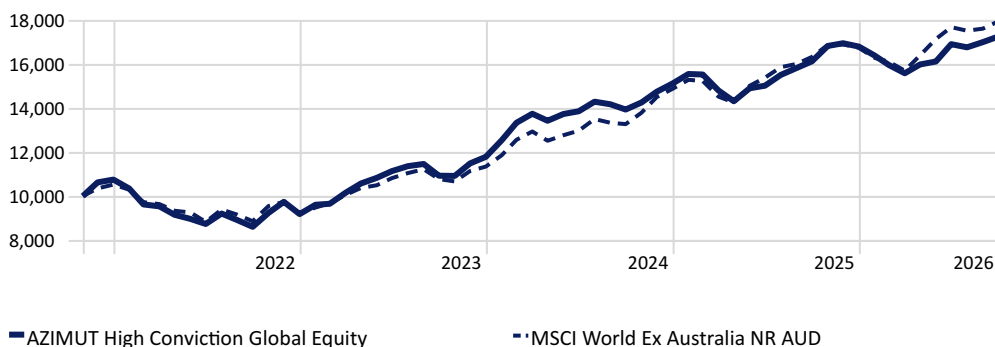
## Latest Performance\*

|                                | 1-mth | 3-mths | 6-mths | 1-yr | 2-yr  | 3-yr  | S.I.  |
|--------------------------------|-------|--------|--------|------|-------|-------|-------|
| AZIMUT High Con Global Equity  | 1.47  | 2.03   | 10.69  | 6.98 | 11.26 | 16.45 | 10.55 |
| MSCI World Ex Australia NR AUD | 1.85  | 1.45   | 14.25  | 9.87 | 16.27 | 18.54 | 12.06 |

## 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.

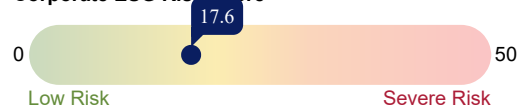
## \$10,000 invested over time



## 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: 30/09/2026

|                                           | %    |
|-------------------------------------------|------|
| Taiwan Semiconductor Manufacturing Co Ltd | 5.01 |
| Alphabet Inc Class A                      | 5.01 |
| Microsoft Corp                            | 5.01 |
| NVIDIA Corp                               | 5.01 |
| ASML Holding NV                           | 4.73 |
| Apple Inc                                 | 4.51 |
| Amazon.com Inc                            | 4.01 |
| JPMorgan Chase & Co                       | 4.01 |
| Caterpillar Inc                           | 3.76 |
| Micron Technology Inc                     | 3.51 |

## Equity Sectors

Portfolio Date: 30/09/2026

|                        | %     |
|------------------------|-------|
| Basic Materials        | 3.08  |
| Consumer Cyclical      | 7.17  |
| Financial Services     | 15.91 |
| Real Estate            | 0.00  |
| Consumer Defensive     | 2.57  |
| Healthcare             | 7.68  |
| Utilities              | 3.08  |
| Communication Services | 10.49 |
| Energy                 | 3.08  |
| Industrials            | 11.28 |
| Technology             | 35.66 |

## Regional Exposure

Portfolio Date: 30/09/2026

|                    | %      |
|--------------------|--------|
| North America      | 69.86% |
| Latin America      | 0.00%  |
| United Kingdom     | 2.04%  |
| Europe Developed   | 17.61% |
| Europe Emerging    | 0.00%  |
| Africa/Middle East | 0.00%  |
| Japan              | 2.53%  |
| Asia Developed     | 5.14%  |
| 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

In September, the global macroeconomic environment was characterised by persistent energy-driven inflationary pressures, a sharp rise in bond yields, and heightened commodity volatility. Brent crude oil surpassed \$100 per barrel, reaching price levels close to \$110 during the month, supported by the conflict in the Middle East, a stalemate in US-Iran negotiations, and energy supply concerns.

Against this backdrop, major central banks tightened monetary policy. On September 16, the Federal Reserve, chaired by Kevin Warsh, raised interest rates by 25 basis points, bringing the target range to 3.75–4.00%. The decision reiterated the commitment to returning inflation to 2%, within the framework of the dual mandate of price stability and maximum employment. On September 10, the European Central Bank decided on a 25-basis-point hike, raising the deposit rate to 2.50%, effective September 16. On September 18, the Bank of Japan raised its policy rate from 1.00% to 1.25%, the highest level since 1995, responding to inflationary risks fuelled by rising energy costs and yen weakness.

On the growth front, indicators presented a mixed picture, with economic activity remaining resilient alongside some signs of cooling in US employment. In the United States, the preliminary composite PMI for September rose to 58.4, while the third estimate of Q2 GDP, published on September 30, revised annualised growth up to 2.2% from the previous 1.5%. August personal consumption expenditures increased by 0.9% in nominal terms and 0.6% in real terms month-on-month. Core PCE inflation stood at 3.0% year-on-year, remaining above the Fed's target. Conversely, the September labour report highlighted a slowdown in hiring, with 29,000 nonfarm payroll additions and an increase in unemployment from 4.1% to 4.2%. In the Eurozone, the preliminary inflation estimate for September indicated an acceleration to 3.8% year-on-year, up from 3.2% in August. The energy component rose by 18.8%, while core inflation (excluding energy, food, alcohol, and tobacco) increased from 2.4% to 2.5%. The composite PMI came in line at 53.1, continuing to signal an expansionary economic phase. Similarly, Germany maintained an expansionary dynamic, and France returned to growth, supported by a recovery in services.

Government bond markets experienced a significant sell-off. At the end of September, the 10-year US Treasury yield stood around 5.29%, marking a monthly increase of approximately 54 basis points. The 10-year German Bund closed at 3.58% and the Italian BTP at 4.61%, with the BTP-Bund spread at around 103 basis points. In Japan, the 10-year yield had already reached 3.0% early in the month, for the first time since 1996. In US credit, particularly towards the end of September, spreads widened across both Investment Grade and High Yield segments. Pressures also affected major technology issuers financing artificial intelligence infrastructure, while higher refinancing costs heightened the vulnerability of more indebted issuers.

Equity market performance was mixed: the MSCI World lost approximately 1.3% and the S&P 500 fell 0.45%, while the Nasdaq Composite gained 1.86%. In the US market, resilience in indices heavily weighted towards large technology companies masked broader underlying weakness. Technology and communication services led sector performance, while other major sectors closed the month lower. In foreign exchange markets, the US dollar strengthened over the course of the month. Finally, while Brent recorded a monthly gain of around 14%, gold underwent a correction, penalised by rising yields and dollar strength.

The three best performing securities for the month were SoftBank, Micron and Taiwan Semiconductor. The poorest performing securities were Bank of America, ServiceNow and LVMH.

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

## Market Commentary

### Company Overview: Nokia Oyj (NOKIA FH)

Nokia Corporation (NOK) has definitively transitioned from a legacy mobile handset manufacturer into a pure-play, global powerhouse in telecommunications infrastructure, optical networking, and mission-critical technology licensing. Today, Nokia operates as a fundamental enabler not only for traditional telecommunications operators (telcos) and governments, but increasingly as a strategic partner for cloud hyperscalers, providing the high-speed connectivity backbone essential for the proliferation of Artificial Intelligence and global data centre expansion.

The company's revenue breakdown by product highlights a deliberate strategic pivot towards higher-margin, structurally growing segments, mitigating the inherent cyclical nature of the traditional Radio Access Network (RAN) market. Under its recast reporting structure, the Mobile Infrastructure division, which amalgamates Radio Networks, Core Software, and the lucrative Technology Standards portfolio, remains the largest consolidated contributor, accounting for 63.43% of revenues in FY 2024, but contracting to 57.36% in FY 2025. Within this umbrella, the physical Radio Networks represent the primary exposure, though they continue to bear the brunt of a well-documented cyclical downturn in Western telco capital expenditures. Crucially, this cyclical drag is heavily cushioned by the Technology Standards (Nokia Technologies) sub-segment, which, despite moving from 10.03% in FY 2024 to 7.55% in FY 2025, acts as the company's anti-cyclical "cash vault." By monetising Nokia's vast portfolio of essential 5G patents, it generates operating margins historically exceeding 70%, flooding the balance sheet with pure free cash flow.

To structurally counterbalance telco cyclical nature, Nokia is aggressively accelerating its Network Infrastructure division. This segment, representing the company's primary structural growth engine and its direct vector into the AI data centre boom, has surged from 32.70% of total revenues in FY 2024 to 38.44% in FY 2025. This division (comprising IP, Optical, and Fixed Networks) is poised for massive exponential growth, specifically within the Optical Networks sub-segment. The targeted \$2.3 billion acquisition of Infinera will drastically turbocharge this unit, effectively doubling Nokia's scale and positioning it as a Tier-1 vendor for interconnecting US-based hyperscale data centres.

Geographically, Nokia maintains a robust global footprint tailored to the shifting sands of 5G and fibre rollouts. The EMEA (Europe, Middle East, and Africa) region remains the dominant basin, securing 43.68% of total revenues in FY 2024 and 41.56% in FY 2025, supported by sovereign investments in digital sovereignty and enterprise automation. The Americas represent the second-largest exposure, growing from 32.65% in FY 2024 to 35.12% in FY 2025; despite recent headwinds from normalised telco spending, North America remains the critical epicentre for Nokia's upcoming hyperscaler-driven optical expansion. The portfolio is optimally balanced by the APAC region, which holds steady from 23.67% in FY 2024 to 23.32% in FY 2025, capturing the tail-end of massive Asian 5G deployment cycles.

Nokia (NOK) presents an exceptionally compelling asymmetric risk/reward profile, perfectly anchored at the early stages of a massive structural multiple expansion. Historically penalised by the broader market's near-term myopia, which incorrectly assessed the stock strictly through the lens of a cyclical telecom vendor, Nokia has staged a violent fundamental breakout. The core of this inflection rests within the Network Infrastructure division, which has recently secured a multi-billion-dollar wave of AI & Cloud-driven optical orders, heavily derisking consensus estimates for FY 2026 and FY 2027. Consequently, the recent inclusion in the Euro Stoxx 50 acts as a highly attractive entry point before institutional investors fully price in the conversion of this colossal AI backlog into top-line revenue acceleration.

The broader market is currently trailing Nokia's operational trajectory. While investors acknowledge the massive surge in Data Centre demand, Street models are underestimating the company's ability to aggressively ramp up supply capabilities, including the strategic expansion of new specialised manufacturing facilities (such as the 6-inch fab in San Jose) to alleviate component bottlenecks. Management is explicitly pivoting to capture these high-margin, cloud-native hyperscaler workloads, fundamentally decoupling Nokia's earnings power from legacy telecom capex cycles. This imminent top-line acceleration, coupled with strict cost controls, serves as a major impending re-rating catalyst to restore long-term investor confidence.

To contextualise this fundamental acceleration, we turn to our proprietary algorithmic valuation. The Combined Z-Valuation Self 2Y confirms a definitive and violent internal re-rating. Following a period of extreme compression below the -1.5 standard deviation threshold (-1.5s), the Self Z-Score has staged an aggressive breakout towards the +2.5s/+3.0s bound. This algorithmic anomaly proves that institutional capital is forcefully acknowledging Nokia's structural transformation, aggressively bidding up multiples as the market re-prices the asset from a distressed telecom equipment provider into a pure-play digital infrastructure enabler.

The true alpha-generating opportunity lies in the relative valuation framework. The Combined Z-Valuation Cross 2Y highlights a profound historical mispricing that is currently unwinding. After languishing at deeply depressed levels (approaching -4.0s), signalling an unwarranted, absolute structural discount compared to its broader networking peers, the Cross Z-Score has executed a massive "V-shaped" reversion, breaking through the neutral zero-line and surging towards +3.0s. This heavily compressed discount is rapidly closing as the market realises Nokia's unparalleled balance sheet supremacy and aggressive capital return frameworks. Consequently, Nokia represents an optimal core holding, allowing investors to capture a Tier-1 operational turnaround and unmatched AI-driven order momentum at a highly attractive relative valuation.