

PENGANA AXIOM INTERNATIONAL ETHICAL FUND

DESCRIPTION

The Pengana Axiom International Ethical Fund invests in companies that are dynamically growing and changing for the better, more rapidly than generally expected and where the positive changes are not yet reflected in expectations or valuation.

The Global Equity Strategy seeks dynamic growth by concentrating its investments in global developed markets, and may also invest in companies located in emerging markets.

The investment manager is Axiom Investors, a Connecticut-based global equity fund manager formed in 1998 with over US\$19billion in assets under Management.

STATISTICAL DATA

VOLATILITY⁷ 13.4%

NUMBER OF STOCKS 46

BETA⁸ 0.94

PERFORMANCE TABLE

NET PERFORMANCE FOR PERIODS ENDING 29 Feb 2024¹

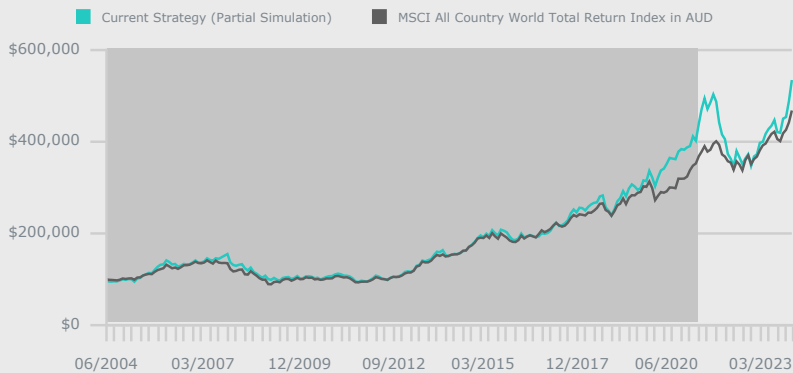
Pengana Axiom International Ethical Fund

The Class was established in 1 July 2017. From June 2021 Axiom was appointed as the investment manager for the Fund.

	1M	1Y	2Y	Since Axiom Appointed June 2021 ¹	3Y	5Y	Since Fund Inception July 2017 ²	Since Strategy Inception July 2004 ³
Fund: APIR (HOW002AU)¹² Managed by Axiom from June 2021	9.4%	43.7%	13.5%	11.0%	9.9%	12.9%	11.8%	
Current Strategy (Partial Simulation)⁴ Axiom Global Equity Strategy					11.4%	14.8%	14.7%	8.9%
Index⁵	5.9%	27.5%	12.2%	10.9%	13.1%	12.5%	12.3%	8.1%

PERFORMANCE CHART

NET PERFORMANCE SINCE INCEPTION²



TOP HOLDINGS (ALPHABETICALLY)

Alphabet Inc	Communication Services
Amazon.com Inc	Consumer Discretionary
ASML Holding NV	Information Technology
Meta Platforms Inc	Communication Services
Microsoft Corp	Information Technology
NVIDIA Corp	Information Technology
ServiceNow Inc	Information Technology
Taiwan Semiconductor Manufactu	Information Technology
Uber Technologies Inc	Industrials
Visa Inc	Financials

SECTOR BREAKDOWN

Consumer Discretionary	15.8%
Consumer Staples	3.6%
Financials	7.4%
Health Care	12.8%
Industrials	7.2%
Information Technology	41%
Real Estate	1.2%
Communication Services	9.6%
Cash	1.4%

CAPITALISATION BREAKDOWN

In between 5bn - 10bn USD	0.8%
In between 10bn - 50bn USD	11.1%
In between 50bn - 150bn USD	21.8%
In between 150bn - 500bn USD	29.4%
Above 500bn USD	35.5%
Cash	1.4%

REGION BREAKDOWN

North America	72.5%
Europe ex-UK	15%
Emerging Markets	5%
Japan	5.3%
Asia Pacific ex-Japan	0.9%
Cash	1.4%

FEBRUARY REPORT

COMMENTARY

- Global equity markets continued to make strong gains in February as slowing inflation raised hopes that interest rates would begin to fall by the middle of this year.
- Strong earnings growth across companies exposed to AI innovation supported share prices across the Fund's technology holdings.
- The Portfolio returned 9.4% in February, while the benchmark returned 5.9%.

Global share markets delivered strong gains again in February as weaker US inflation reinforced market expectations that interest rates will begin to fall by the middle of this year.

The US economy remains resilient, with stronger January retail sales data indicating a soft landing, which should support earnings of a broad range of companies. Economic activity is weaker in Europe, with lower retail sales, but a drop in inflation encouraged hopes of early interest rate cuts. China's economy remains under pressure from a weak property sector as retail sales fell again in January, although there are signs of a modest upturn in manufacturing.

The Fund continues to overweight information technology, consumer discretionary and health care, while underweighting financials, energy and materials.

The Fund outperformed across every sector in February, with stock performance in information technology, health care and industrials particularly strong. The Fund further benefitted from overweight positions in information technology and consumer discretionary, which delivered strong returns.

The strongest contributor to relative returns was the overweight position in US-based semiconductor developer **Nvidia**. The company published better than expected December quarter earnings. Revenues rose 265% year-on-year, earnings per share jumped 486% and forward earnings guidance exceeded analysts' expectations.

Japan-based **Tokyo Electron** which makes machinery critical in manufacturing semiconductors also outperformed strongly. It reported stronger than expected fourth quarter earnings and improved forward guidance as the chip cycle improves upon rising demand from China.

Adobe, the US-based content creation and publishing software company underperformed in February. OpenAI previewed its text-to-video-tool and Google announced a generative image tool, which will compete with Adobe products. However, these applications lack Adobe's platform advantage and the Fund took the opportunity to increase its holding.

Japan-based entertainment and electronics group **Sony** underperformed despite its quarterly earnings exceeding market forecasts. Its gaming business delivered weaker than expected results and reduced its full year sales guidance. However, the broader market appears in good shape and sales targets of PlayStation 5 now look more realisable.

The Fund increased its exposure to **Netflix**, which was first established last month, **Meta Platforms**, following strong fourth quarter results and confidence in the outlook for digital advertising and **ASML**, which Axiom believes will benefit from orders from advanced semiconductor manufacturers.

The Fund reduced positions in US technology group **Apple** upon weaker iPhone demand and high valuation level, **Eli Lilly** as the share price increasingly reflects Axiom's expectations of obesity drug revenue growth and US cyber security group **Palo Alto Networks**, which delivered disappointing quarterly earnings.

During February MSCI upgraded the e.l.f. **Beauty** ESG rating to BBB from B upon improved greenhouse gas (GHG) emissions disclosure. This followed several engagements Axiom held with its management team over recent months regarding improving disclosure. Last month the company outlined several initiatives that it is currently progressing to start sourcing materials from outside China.

FEATURES

APIR CODE	HOW0002AU
REDEMPTION PRICE	A\$ 3.5824
FEES *	Management Fee: 1.35% p.a
MINIMUM INITIAL INVESTMENT	\$10,000
FUM AT MONTH END	A\$ 363.43m
STRATEGY INCEPTION DATE	1 July 2004
BENCHMARK	MSCI All Country World Total Return Index (net, AUD)

FUND MANAGERS



Bradley Amoils
Managing Director/Portfolio Manager



Andrew Jacobson
CEO/Chief Investment Officer

Prior to June 2021, the Axiom Global Equity Strategy performance (shown in the shaded area) includes the strategy performance simulated by Pengana from the monthly gross returns of the Axiom Global Equity strategy. This simulation was done by: 1) the conversion of US-denominated gross returns to AUD, 2) applying the fee structure of the stated class. The simulation does not include the Pengana ethical screen. From June 2021 the strategy performance is the performance of the Pengana Axiom International Ethical Fund.

1. Axiom was appointed fund manager as of 5 May 2021. June 2021 represents the first full month of Axiom managing the Fund.
2. Inception date 1 July 2017. Figures shown are calculated from the continuous performance of both the current and previous strategies. For performance see row labelled Fund: APIR (HOW0002AU) in the table above which is the continuous performance of both the current and previous strategies.
3. Axiom Global Equity Strategy inception 1 Jul 2004.
4. Prior to June 2021, the Axiom Global Equity Strategy performance (labeled 'Strategy (Partial Simulation)' and shown in the shaded area) includes the strategy performance simulated by Pengana from the monthly gross returns of the Axiom Global Equity strategy. This simulation was done by: 1) the conversion of US-denominated gross returns to AUD, 2) applying the fee structure of the stated class. The simulation does not include the Pengana ethical screen. From June 2021 the strategy performance is the performance of the Pengana Axiom International Ethical Fund.
5. MSCI All Country World Total Return Index in AUD.
6. Performance for periods greater than 12 months are annualised. Net performance figures are shown after all fees and expenses, and assume reinvestment of distributions. No allowance has been made for buy/sell spreads. Please refer to the PDS for information regarding risks. Past performance is not a reliable indicator of future performance, the value of investments can go up and down.
7. Annualised standard deviation since inception.
8. Relative to the MSCI All Country World Total Return Index in AUD.

*For further information regarding fees please see the PDS available on our website.

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