

PENGANA AXIOM INTERNATIONAL FUND HEDGED

DESCRIPTION

The Pengana Axiom International Fund (Hedged) 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.

PERFORMANCE TABLE

NET PERFORMANCE FOR PERIODS ENDING 30 Apr 2024¹

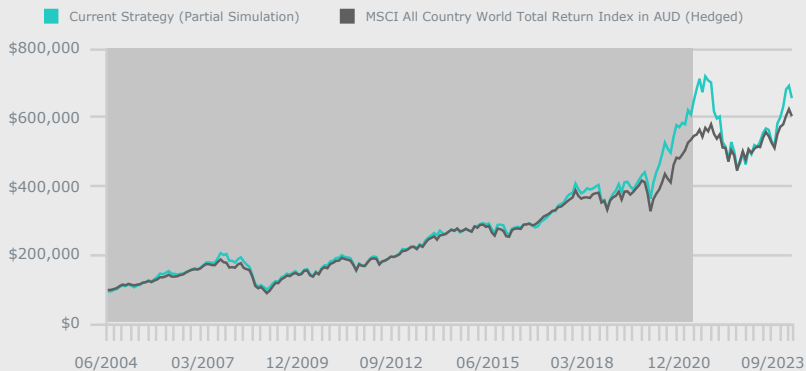
Pengana Axiom International Fund (Hedged)¹

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

	1M	1Y	Since Axiom Appointed June 2021	3Y	5Y	Since Fund Inception July 2017 ³	Since Strategy Inception July 2004 ⁴
Fund: APIR (HHA0002AU)^{2,3} Managed by Axiom from June 2021	-5.2%	27.6%	11.4%	2.6%	2.5%	7.0%	8.0%
Current Strategy (Partial Simulation)⁵ Axiom Global Equity Strategy					1.8%	10.1%	10.7%
Index (Hedged)⁶	-3.3%	17.1%	8.5%	4.2%	4.7%	9.5%	9.3%

PERFORMANCE CHART

NET PERFORMANCE SINCE INCEPTION²



TOP HOLDINGS (ALPHABETICALLY)

Alphabet Inc	Communication Services
Amazon.com Inc	Consumer Discretionary
ASML Holding NV	Information Technology
Eli Lilly & Co	Health Care
Meta Platforms Inc	Communication Services
Microsoft Corp	Information Technology
NVIDIA Corp	Information Technology
ServiceNow Inc	Information Technology
Taiwan Semiconductor Manufactu	Information Technology
Visa Inc	Financials

SECTOR BREAKDOWN

Consumer Discretionary	15%
Consumer Staples	4.2%
Financials	6.6%
Health Care	12.3%
Industrials	7.9%
Information Technology	40.8%
Real Estate	1%
Communication Services	11.3%
Cash	0.9%

CAPITALISATION BREAKDOWN

In between 5bn - 10bn USD	2.1%
In between 10bn - 50bn USD	9.2%
In between 50bn - 150bn USD	26.6%
In between 150bn - 500bn USD	23.8%
Above 500bn USD	37.3%
Cash	0.9%

REGION BREAKDOWN

North America	72%
Europe ex-UK	15.2%
Emerging Markets	6%
Japan	5.8%
Cash	0.9%

STATISTICAL DATA

VOLATILITY⁸ 15.3%

NUMBER OF STOCKS 45

BETA⁹ 0.97

APRIL REPORT

COMMENTARY

- Global equity markets closed lower in April following the strong March quarter, as investors grew less confident that US interest rates will begin to fall soon.
- First quarter corporate earnings generally remained reasonably strong, especially those businesses aligned to the adoption of AI technology.
- The Portfolio returned -5.2% in April, while the benchmark returned -3.3%.

Global equity markets fell back in April, unwinding some of the strong March quarter gains. Economic data was mixed, and persistent US inflation led to investors pushing back the timing of expected interest rate cuts. US Core PCE inflation remained unchanged at 2.8% in March, as inflation heads gradually lower in most major economies. First quarter economic growth and March manufacturing activity slowed in the US, but retail sales grew a little faster than expected.

Meanwhile, Eurozone activity data indicated continued expansion and retail sales grew 0.7% year-on-year in March, up from a 0.7% contraction in February. Manufacturing activity in China continues to expand in response to government stimulus measures, although consumer spending remains weak, held back by the highly indebted residential property market.

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

The Fund benefitted from positive stock performance in health care and the overweight position in communications services. However, the overweight position in information technology and stock performance – especially in industrials and communications services – generally detracted from returns.

Growth stocks again underperformed value in April as interest rate sensitive stocks, in particular technology, were especially impacted by rising interest rate expectations. The Fund's growth orientation therefore contributed to its underperformance relative to the benchmark.

The strongest contributor to relative returns in April was the Fund's overweight position in US-based technology group **Alphabet**. It published first quarter revenue and earnings which were well ahead of market expectations, as its digital advertising and cloud computing businesses both performed strongly. It reported plans to better manage its cost base and announced that it would begin to pay a dividend.

The Swedish industrial group **Atlas Copco** also outperformed strongly in April. It reported first quarter orders which were well ahead of market expectations and announced strong forward guidance over the rest of this year.

US-based **Uber Technologies** underperformed despite announcing strong March quarter revenue and earnings, which were ahead of market expectations. However, second quarter gross bookings guidance was below consensus forecasts. Reports that Tesla would launch a robotaxi further weakened investor sentiment, even though this is unlikely to be launched for many years.

US-based technology consultancy **Gartner** underperformed after it reported that the value of its contracts grew less than expected during the first quarter. However, it increased earnings and cash flow guidance for the full year, which Axiom believes is still fairly conservative.

The Fund established a new position in US-based provider of critical infrastructure for data centres and communication networks, **Vertiv**. Its products are well positioned to help customers develop the data centres which are required to support AI innovation. Axiom expects this should help it expand margins by more than the 5.0% which the company is targeting.


A new position was also established in the Japan-based international department store chain **Isetan Mitsukoshi**. The company should benefit from Japan's improving consumer sector and its rising inbound tourist numbers. Axiom expects this will support revenue growth above 10% per year, which is significantly more than the current market expectation.

The Fund exited its position in Hong Kong-based pan-Asian life insurance group **AIA Group** due to the ongoing economic uncertainty in China. It also exited US-based **Idexx Laboratories** which supplies specialised diagnostics equipment and software to veterinary practices, as Axiom's forward data points showed slowing demand for veterinary services.


Axiom engaged with senior leadership of the Japan-based supplier to semiconductor manufacturers, **Tokyo Electron** in April. The company outlined how it is reducing scope 3 emissions, aims to reach net zero by 2050 and is incorporating ESG metrics into executive compensation. This led to the Fund increasing its position in the company.

FEATURES	
APIR CODE	HHA0002AU
REDEMPTION PRICE	A\$ 2.9452
FEES *	Management Fee: 1.35% p.a
MINIMUM INITIAL INVESTMENT	\$10,000
FUM AT MONTH END	A\$ 45.44m
STRATEGY INCEPTION DATE	1 July 2004
BENCHMARK	MSCI All Country World Total Return in AUD (Hedged)

FUND MANAGERS



Bradley Amoils
Managing Director/Portfolio Manager



Andrew Jacobson
CEO/Chief Investment Officer

1. From 4 June 2021 the capital component of the foreign currency exposure for the Fund is hedged back to Australian dollars.
 2. Axiom was appointed fund manager as of 5 May 2021. June 2021 represents the first full month of Axiom managing the Fund.
 3. 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 (HHA0002AU) in the table above which is the continuous performance of both the current and previous strategies.
 4. Axiom Global Equity Strategy inception 1 Jul 2004.
 5. Prior to 1 June 2021, the Axiom Global Equity Strategy performance (labeled 'Current Strategy (Partial Simulation)' and shown in the shaded area) includes the strategy performance simulated by Pengana from the monthly gross USD returns of the Axiom Global Equity strategy. The Axiom Global Equity Strategy performance does not include the Pengana ethical screen
 6. Prior to 4 June 2021 hedged performance has been simulated by Pengana for both the Fund and Index. This was done by: 1) using 3 month rolling forwards to hedge movements in the AUD/USD spot rate, and 2) deducting the Pengana International Ethical Fund (Hedged) management fee of 1.35% p.a. from the Fund's performance.
 - From 4 June 2021, index performance is from the MSCI All Country World Total Return in AUD (Hedged). Prior to 4 June 2021, index performance is simulated from the MSCI All Country World Total Return in USD
 7. 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.
 8. Annualised standard deviation since inception.
 9. Relative to the MSCI All Country World Total Return in AUD (Hedged).
- *For further information regarding fees please see the PDS available on our website.

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