

## 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\$19 billion in assets under Management.

### STATISTICAL DATA

VOLATILITY<sup>7</sup> 9.7%

NUMBER OF STOCKS 49

BETA (USING DAILY RETURNS)<sup>8</sup> 0.74

### PERFORMANCE TABLE

NET PERFORMANCE FOR PERIODS ENDING 30 Sep 2021<sup>1</sup>

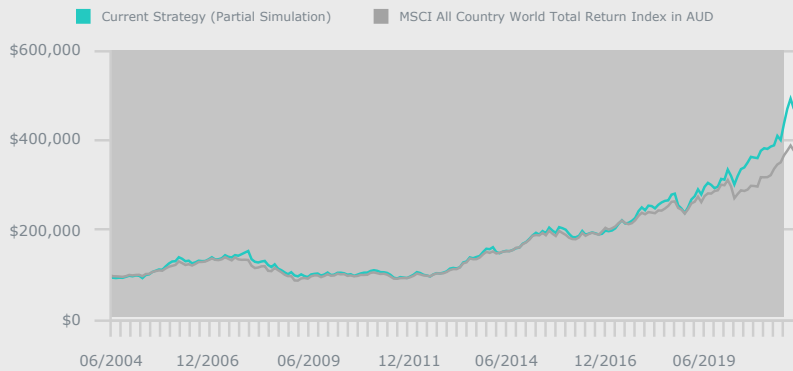
#### Pengana Axiom International Ethical Fund

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

	1M	Since Axiom Appointed June 2021 <sup>1</sup>	1Y	3Y	Since Fund Inception July 2017 <sup>2</sup>	5Y	Since Strategy Inception July 2004 <sup>3</sup>
<b>Fund: APIR (HOW0002AU)</b> <sup>1,2</sup> Managed by Axiom from June 2021	-4.7%	17.3%	29.5%	17.6%	15.6%		
<b>Current Strategy (Partial Simulation)</b> <sup>4</sup> Axiom Global Equity Strategy			30.0%	18.7%	20.3%	19.6%	9.4%
<b>Index</b> <sup>5</sup>	-3.0%	7.4%	26.4%	12.6%	14.1%	14.5%	8.0%

### PERFORMANCE CHART

NET PERFORMANCE SINCE INCEPTION<sup>2</sup>



### TOP HOLDINGS (ALPHABETICALLY)

Adobe Inc	Information Technology
Alphabet Inc	Communication Services
Amazon	Consumer Discretionary
Asml Holdings	Information Technology
Danaher	Health Care
Facebook Inc	Communication Services
Microsoft	Information Technology
Moderna Inc	Health Care
ServiceNow Inc	Information Technology
Tesla Inc	Consumer Discretionary

### SECTOR BREAKDOWN

Consumer Discretionary	16.9%
Consumer Staples	2.3%
Financials	2.9%
Health Care	13.6%
Industrials	10.5%
Information Technology	38.4%
Communication Services	14%
Cash	1.3%

### CAPITALISATION BREAKDOWN

Under 5bn USD	1.9%
In between 5bn - 10bn USD	2.2%
In between 10bn - 50bn USD	18.6%
In between 50bn - 150bn USD	31.4%
In between 150bn - 500bn USD	22.1%
Above 500bn USD	22.6%
Cash	1.3%

### REGION BREAKDOWN

North America	74.4%
Europe ex-UK	15.4%
Emerging Markets - Asia	3.1%
Japan	4.6%
Asia Pacific ex-Japan	1.2%
Cash	1.3%

## GLOBAL GROWTH SEEMS LIKELY TO SETTLE

### COMMENTARY

During September 2021, the Pengana Axiom International Ethical Fund ("Fund") fell by -4.7%, compared to the benchmark (MSCI All Country World Total Return Index (net, AUD)) which fell by -3.0%.

The Fund underperformed primarily due to sector allocation and security selection effects. Market rotation to value sectors can be seen with the Energy sector being the Index's only positive performer over the month, and Financials being another leading sector. The Fund maintains some of the largest underweights to these value cyclical areas. Also, the innovation sectors of Information Technology, Communication Services, and Health Care, where the Fund allocates significant capital, were some of the worst performers in the market. As a result, the Fund detracted from relative performance in all these sectors except for Health Care where security selection offset the allocation impacts.

**Moderna** continued to be one of the Fund's top performers in September and has generated much of the Fund's outperformance in the third quarter. As we have been highlighting, the stock continued to benefit from the increased appreciation of the duration of vaccine sales, and as a result, sell-side earnings estimates have been continually revised higher. The Fund has continued to reduce the position size following its strong 100% return as forecasts are now approaching our expectations. Other positive single stock contributors include **US financial, SVB Financial**, and pandemic recovery stock in the live events space **Live Nation**.

The largest detractors were perceived stay-at-home beneficiaries **RingCentral, Adyen, and Chegg**. The Fund continues to maintain holdings in all of these positions as there has been continued evidence of strong performance in earnings results and other checks.

As discussed above, the Fund continues to overweight Information Technology, Consumer Discretionary and Communication Services, and underweight Financials, Materials, and Consumer Staples. In September, we added capital to Consumer Discretionary and reduced Health Care. We also started a new position in biologics company **Lonza** and exited home improvement company **Pool Corp**.

We are approaching the one-year anniversary of the announcement of vaccines. While the recovery is continuing, year-on-year economic comparisons get more challenging. Also, we are seeing some policy headwinds from proposed tax and interest rate hikes globally. Furthermore, input prices, especially related to energy and logistics, represent ongoing economic challenges. Notwithstanding the challenges, global growth seems likely to settle into a more moderate expansion supported by ongoing reopening and supply chain restocking, absent additional major policy or health shocks.

As growth moderates, value stocks seem likely to face renewed challenges having benefited from the cyclical tailwinds. We remain positive about the opportunities to differentiate Axiom's portfolios through dynamic growth stock selection with a medium and longer-term time horizon.

## FEATURES

APIR CODE	HOW0002AU
REDEMPTION PRICE	A\$ 3.1816
FEES *	Management Fee: 1.35% p.a
MINIMUM INITIAL INVESTMENT	\$10,000
FUM AT MONTH END	A\$ 379.7m
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. 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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### PENGANA.COM

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