

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 Sep 2024¹

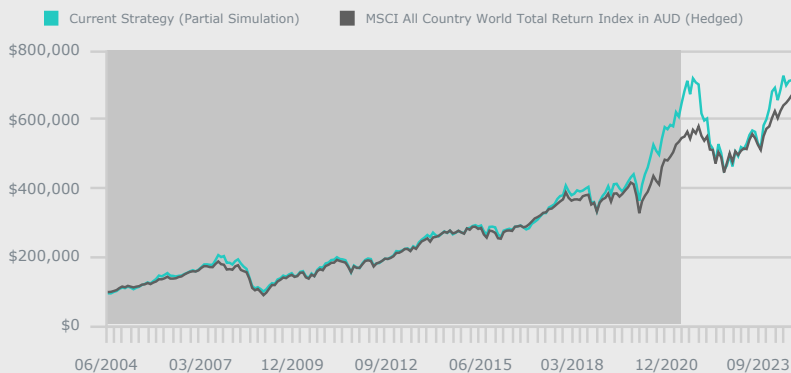
Pengana Axiom International Fund (Hedged)¹

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

	1M	1Y	2Y	3Y	Since Axiom Appointed June 2021	5Y	Since Fund Inception July 2017 ³	Since Strategy Inception July 2004 ⁴
Fund: APIR (HHA0002AU)^{2,3} Managed by Axiom from June 2021	0.3%	34.6%	25.7%	2.0%	4.9%	8.2%	8.8%	
Current Strategy (Partial Simulation)⁵ Axiom Global Equity Strategy						12.8%	11.4%	10.2%
Index (Hedged)⁶	1.9%	27.5%	22.7%	7.3%	7.0%	11.9%	10.3%	9.8%

PERFORMANCE CHART

NET PERFORMANCE SINCE INCEPTION²



TOP HOLDINGS (ALPHABETICALLY)

Alphabet Inc	Communication Services
Amazon.com Inc	Consumer Discretionary
Apple Inc	Information Technology
Hitachi Ltd.	Industrials
Meta Platforms Inc	Communication Services
Microsoft Corp	Information Technology
Netflix Inc	Communication Services
NVIDIA Corp	Information Technology
Taiwan Semiconductor Manufactu	Information Technology
Visa Inc	Financials

SECTOR BREAKDOWN

Consumer Discretionary	16.5%
Consumer Staples	2.6%
Financials	6.4%
Health Care	12.2%
Industrials	10.5%
Information Technology	35.3%
Real Estate	1.7%
Communication Services	12.9%
Cash	1.8%

CAPITALISATION BREAKDOWN

In between 5bn - 10bn USD	0.8%
In between 10bn - 50bn USD	7.8%
In between 50bn - 150bn USD	24.1%
In between 150bn - 500bn USD	23.3%
Above 500bn USD	42.1%
Cash	1.8%

REGION BREAKDOWN

North America	75.4%
Europe ex-UK	9.6%
Emerging Markets	6.2%
Japan	7%
Cash	1.8%

STATISTICAL DATA

VOLATILITY⁸ 15.2%

NUMBER OF STOCKS 43

BETA⁹ 0.98

SEPTEMBER REPORT

COMMENTARY

- Global equities were volatile in September but ended the month higher as inflation continued to slow, bringing the prospect of a soft landing across the global economy.
- The US began to reduce interest rates, while central banks of other developed economies made further cuts.
- The Portfolio returned 0.3% in September, while the benchmark delivered 1.9%.

Join Fund Manager Bradley Amoils as he discusses the Fund's current portfolio holdings, the factors influencing recent performance, and some of the market variables the investment team is considering moving forward. [Register here.](#)

Equity market volatility continued in September upon initial fears that the global economy was slowing faster than had been previously expected. Share prices rebounded later in the month after the US began to reduce interest rates, with further monetary easing in the Eurozone, Canada, Switzerland and Sweden.

Inflation continued to slow across the major developed economies. The US core Personal Consumption Expenditure (PCE) Price Index, an inflation measure closely watched by the Federal Reserve (Fed), accelerated slightly in August, although the headline measure fell. This is not expected to prevent the Fed reducing interest rates further in November and December. This helped push the US dollar down 0.9% relative to a basket of its major trading partners' currencies in September. The US consumer remains resilient, with retail sales accelerating further in August.

Economic data in Europe was mixed, with Eurozone activity levels indicating that the economy was again contracting. However, European retail sales continued to accelerate, increasing 0.8% year-on-year in July.

Manufacturing activity levels in China signalled a return to contraction in August, as broader economic data in the country continued to disappoint investors. Consumer spending is sluggish, while the highly indebted property market remains a drag on economic growth.

The Fund continues to overweight information technology, consumer discretionary and communication services, while underweighting financials, materials and energy. Strong stock performance in industrials, the overweight position in consumer discretionary and the zero weighting to energy drove relative returns. However, this was offset by weaker stock performance in consumer discretionary and information technology.

The Fund's strongest contributor to relative returns in September was its overweight position in the US-based provider of critical infrastructure for data centres and communication networks, **Vertiv**. It rebounded upon the announcements of data centre capacity expansion.

US-based multinational technology group **Meta Platforms** also contributed to relative returns during September, when intra-quarter advertising spending continued to track ahead of earlier expectations.

Japan-based multinational **Hitachi**, which has large digital systems, power and renewable energy businesses, also outperformed. This reflected accelerating electricity consumption by AI-driven data centres and increasing investment in electricity grids globally.

The Fund's overweight positions in Denmark-based **Novo Nordisk** and US-based **Eli Lilly** detracted from relative returns. The pharmaceutical giants underperformed after weekly pharmacy script data for GLP-1 weight-loss drugs slowed in September.

Netherlands-based **ASML**, which supplies manufacturers of advanced semiconductors with extreme ultraviolet lithography (EUV) photolithography machines, also detracted from relative returns. This followed chip makers Intel and Samsung Electronics, both large spenders on the wafer fab equipment used in semiconductor manufacturing, reducing their capital expenditure.

The Fund trimmed its positions in **the stock and also** reduced its holding in Japan-based technology company **Tokyo Electron** due to falling capital investment in wafer fab equipment. Weak demand in global smartphone and PC markets are expected to further curtail their customers' 2025 capital expenditure.

The Fund increased its position in **Hitachi**, as analysis of global power demand from the buildout of AI infrastructure indicated that Hitachi's market opportunity is underestimated. The company's power grid business is well positioned to exceed current consensus earnings expectations, justifying a higher exposure to the stock in the Portfolio.

US-based **Equinix** is a global data centre and interconnection services provider that offers space, power, connectivity, security and support to its customers. We expect data centre demand to remain robust as it continues to benefit from ongoing AI innovation.

US-based **TJX Companies** is the largest global off-price retailer, whose brands include TK Maxx in Australia. We believe that it can benefit from secular growth as it expands in the US and internationally by increasing market share and growing volumes. TJX should benefit from ongoing retail disruption as consumers pivot to value outlets and higher borrowing costs impact more indebted retailers.

The Fund exited its remaining position in **e.l.f. Beauty**, as tracked channel data continued to indicate demand growth was falling below market expectations.

The position in Dutch technology group **STMicroelectronics** was fully exited, as the Fund selectively reduced its semiconductor exposure. Furthermore, its auto exposure appears less attractive following profit-warnings across the industry.

MSCI upgraded the ESG rating of Mexican multinational beverage and retail company **Femsa** to 'AA' from 'A'. This reflects changes in the company's leadership, which addresses concerns regarding the influence of controlling shareholders.

MSCI also upgraded Japan-based industrial group **Keyence** to 'A' from 'BBB' following improvements in its corporate governance practices which are now in-line with those of its global peers. A remuneration and nominations committee was established in September, which is expected to bolster the oversight of executive pay practices and board succession planning.

FEATURES	
APIR CODE	HHA0002AU
REDEMPTION PRICE	A\$ 3.2068
FEES *	Management Fee: 1.35% p.a
MINIMUM INITIAL INVESTMENT	\$10,000
FUM AT MONTH END	A\$ 47.88m
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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