

## PENGANA AXIOM INTERNATIONAL FUND

### DESCRIPTION

The Pengana Axiom International 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.

### PERFORMANCE TABLE

NET PERFORMANCE FOR PERIODS ENDING 31 Jan 2025<sup>1</sup>

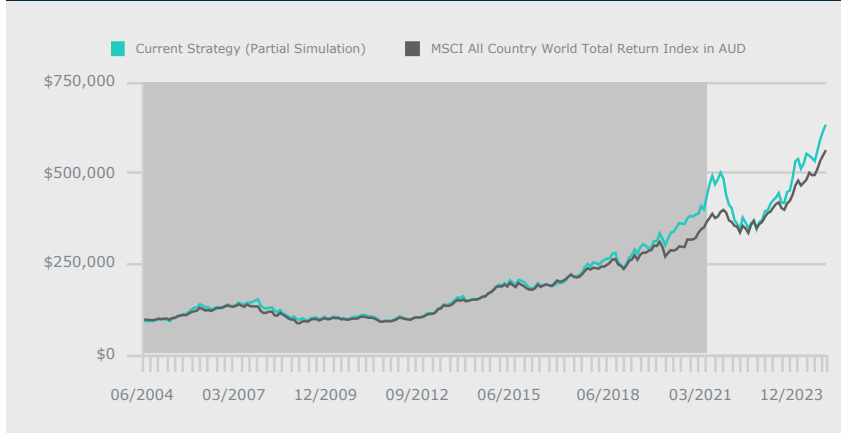
#### Pengana Axiom International Fund

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

	1M	1Y	2Y	3Y	Since Axiom Appointed June 2021 <sup>1</sup>	5Y	Since Fund Inception July 2017 <sup>2</sup>	Since Strategy Inception July 2004 <sup>3</sup>
<b>Fund: APIR (HOW002AU)<sup>1,2</sup></b>								
Managed by Axiom from June 2021	2.8%	30.2%	31.6%	12.9%	13.3%	13%	12.8%	
<b>Current Strategy (Partial Simulation)<sup>4</sup></b>								
Axiom Global Equity Strategy						13.6%	15.4%	9.4%
<b>Index<sup>5</sup></b>								
	2.6%	27.9%	25.1%	12.9%	13.8%	12.6%	13.5%	8.8%

### PERFORMANCE CHART

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



### TOP HOLDINGS (ALPHABETICALLY)

Alphabet Inc. Class A	Communication Services
Amazon.com, Inc.	Consumer Discretionary
Apple Inc.	Information Technology
Meta Platforms Inc Class A	Communication Services
Microsoft Corporation	Information Technology
Netflix, Inc.	Communication Services
NVIDIA Corporation	Information Technology
ServiceNow, Inc.	Information Technology
Taiwan Semiconductor Manufactu	Information Technology
Visa Inc. Class A	Financials

### SECTOR BREAKDOWN

Consumer Discretionary	18.1%
Consumer Staples	1.7%
Financials	9.4%
Health Care	8.1%
Industrials	9.6%
Information Technology	30.4%
Real Estate	2.5%
Communication Services	17.5%
Cash	2.7%

### CAPITALISATION BREAKDOWN

In between 5bn - 10bn USD	0.6%
In between 10bn - 50bn USD	9.2%
In between 50bn - 150bn USD	22.5%
In between 150bn - 500bn USD	23.7%
Above 500bn USD	41.1%
Cash	2.7%

### REGION BREAKDOWN

North America	77.6%
Europe ex-UK	9.3%
Emerging Markets	4.7%
Japan	5.6%
Cash	2.7%

### STATISTICAL DATA

VOLATILITY<sup>7</sup> 13.3%

NUMBER OF STOCKS 41

BETA<sup>8</sup> 1.01

## JANUARY REPORT

### COMMENTARY

- The Fund returned 2.8%, while the benchmark delivered 2.6% in January, driven by strong sector performance, particularly in communications services.
- Global equity markets rebounded in January due to falling inflation, hopes of lower interest rates, and strong US earnings despite a semiconductor sell-off and concerns over US tariffs.
- Outperformance was driven by the Fund's overweight exposure in the communications sector, with **Meta Platforms**, **Netflix**, and **Boston Scientific** seeing strong performance.
- The Fund established a new position in **Intuitive Surgical**, a US-based company specialising in robotic-assisted surgical systems.

Global equity markets began the year strongly after some investors took profits at the end of a very strong 2024. Positive investor sentiment was driven by solid December US quarter earnings reports and slowing global inflation, as inflation remained unchanged at 2.8% in the US and 2.7% in the Eurozone. This enabled the European Central Bank to reduce its interest rate by 0.25% to 2.75% and raised hopes the US Federal Reserve would also cut rates further this year.

The Eurozone economy showed signs of modest improvement as composite purchasing managers' index (PMI) data edged up above the level consistent with economic expansion. Retail sales increased 1.9% year-on-year in November, up slightly from the previous month's 1.2%.

Government stimulus measures continue to help manufacturing activity expand in China. However, broader Chinese economic data continues to largely disappoint expectations as household spending remains constrained by weak consumer price growth and falling home prices in the highly indebted real estate market.

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

Strong stock performance in communications services and industrials and the overweight position in communication services drove relative returns. However, this was somewhat offset by the overweight position in information technology, the underweight to financials and weaker stock performance in healthcare.

The Fund's largest contributor to relative returns in January was its overweight position in US-based technology group and Facebook-owner **Meta Platforms**. It outperformed after announcing stronger than expected fourth quarter revenue, earnings and user numbers. This was driven by robust advertising revenue growth as the company integrates AI into its digital advertising platform.

US-based international streaming and production company **Netflix** also outperformed after reporting stronger than expected fourth quarter earnings results. The company announced its largest ever inflow of new subscribers, driven by its screening of major live sporting events such as Christmas Day NFL games and the Jake Paul vs Mike Tyson boxing match.

The Fund's holding in US-based medical device company **Boston Scientific** also contributed to relative returns in January. Its competitor, Johnson & Johnson, paused the launch of its pulse field ablation catheter due to adverse neurological events. This further cements Boston Scientific as the leader in the field.

The largest detractor from relative returns in January was the Fund's overweight exposure to the US-based **Nvidia**, which develops advanced semiconductors. This followed the release of a new AI model by China-based start-up DeepSeek that delivers performance comparable to that of ChatGPT's model o1. DeepSeek's claims to have been developed much faster and cheaply using older chips, is being treated cautiously. However, it has raised concerns that more efficient AI models may impact the demand for advanced computing power and hence the fastest semiconductors. While all four hyperscalers have since raised their AI capital expenditure, guidance which will continue to benefit Nvidia, the Fund reduced its position in the stock.

The Fund's holding in US-based enterprise software business **ServiceNow** detracted from relative returns in January. It underperformed after the company reported strong fourth quarter earnings results, but its 2025 guidance was slightly disappointing. Axiom views the profit guidance as too conservative and expects the company to exceed this throughout the current year.

**Apple** also underperformed after reporting slightly disappointing earnings results following weak iPhone and wearable device sales; Apple revenue was also generally weaker across Greater China.

The Fund reduced its exposure to information technology by 5% in January, despite a positive view of AI opportunities. Positions in Nvidia and semiconductor manufacturer **TSMC** were reduced in light of elevated market risk following the DeepSeek announcement. Apple was also reduced, given the limited upside risk to earnings growth.

Realised funds were reinvested into ServiceNow, which should benefit from rising IT budgets, French luxury goods group **Hermès International**, which is well positioned for growing demand for luxury goods and US-based entertainment group **Live Nation**, whose strong concert programme should deliver faster earnings growth than investors currently expect.

The Fund established a position in US-based **Morgan Stanley**, which is a leading global financial services firm providing investment banking, wealth management, and institutional securities to corporations, governments, and individuals. Its strong position in capital markets will enable it to capitalise on the expected rebound in corporate activity and deliver earnings growth well ahead of consensus expectations.

The Fund also invested in US-based **Intuitive Surgical**, a leading medical technology company specializing in robotic-assisted surgical devices. It is best known for its da Vinci Surgical System, which enhances precision and control in minimally invasive procedures. The company generates revenue through system sales, recurring instrument and service fees.

## FEATURES

APIR CODE	HOW0002AU
REDEMPTION PRICE	A\$ 4.2337
FEES *	Management Fee: 1.35% p.a
MINIMUM INITIAL INVESTMENT	\$10,000
FUM AT MONTH END	A\$ 396.71m
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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### PENGANA.COM

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