

## 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 Mar 2024<sup>1</sup>

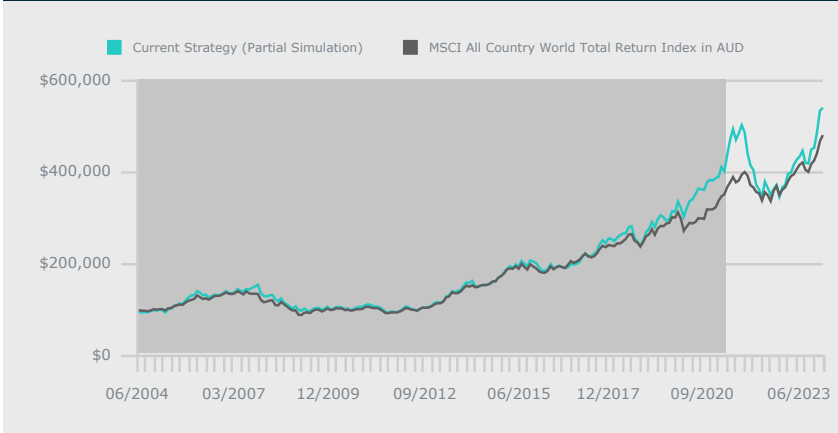
#### Pengana Axiom International Fund

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

	1M	1Y	2Y	Since Axiom Appointed June 2021 <sup>1</sup>	3Y	5Y	Since Fund Inception July 2017 <sup>2</sup>	Since Strategy Inception July 2004 <sup>3</sup>
<b>Fund: APIR (HOW0002AU)<sup>1,2</sup></b> Managed by Axiom from June 2021	1.2%	36.3%	15.6%	11.1%	10.2%	12.8%	11.8%	
<b>Current Strategy (Partial Simulation)<sup>4</sup></b> Axiom Global Equity Strategy					11.6%	14.4%	14.7%	8.9%
<b>Index<sup>5</sup></b>	2.9%	26.4%	14.5%	11.7%	12.6%	12.8%	12.6%	8.3%

### PERFORMANCE CHART

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



### 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
Novo Nordisk A/S	Health Care
NVIDIA Corp	Information Technology
ServiceNow Inc	Information Technology
Taiwan Semiconductor Manufactu	Information Technology
Visa Inc	Financials

### SECTOR BREAKDOWN

Consumer Discretionary	15.1%
Consumer Staples	4%
Financials	7%
Health Care	12.6%
Industrials	7.3%
Information Technology	40.1%
Real Estate	1.2%
Communication Services	10.8%
Cash	1.9%

### CAPITALISATION BREAKDOWN

In between 5bn - 10bn USD	0.9%
In between 10bn - 50bn USD	10.7%
In between 50bn - 150bn USD	21.1%
In between 150bn - 500bn USD	29.7%
Above 500bn USD	35.8%
Cash	1.9%

### REGION BREAKDOWN

North America	72.2%
Europe ex-UK	14.6%
Emerging Markets	5.5%
Japan	5.3%
Asia Pacific ex-Japan	0.4%
Cash	1.9%

### STATISTICAL DATA

VOLATILITY<sup>7</sup> 13.3%

NUMBER OF STOCKS 45

BETA<sup>8</sup> 0.94

## MARCH REPORT

### COMMENTARY

- Global equity markets delivered positive returns in March upon hopes that interest rates will begin falling this year.
- The share market recovery broadened upon positive economic data, but large global technology stocks were again the strongest performers.
- The Portfolio returned 1.2% in March, while the benchmark returned 2.9%.

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US Core PCE inflation fell to 2.8% in February as pricing pressures continued to gradually ease across major developed economies. In signs of a broadening recovery, US consumer confidence, retail sales and industrial production all improved in February. Meanwhile, European share markets made gains, as the fall in retail sales moderated to 0.7% year-on-year. China's manufacturing sector continued to expand, although weak consumer spending and the highly leveraged real estate sector continued to slow economic activity, leaving local share markets little changed in March.

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 information technology and the overweight position in communications services. However, stock performance – especially in financials and healthcare – generally detracted from returns. Growth stocks underperformed value in March as the share market recovery broadened, after outperforming strongly during the first two months of the year. The Fund's growth orientation therefore led to it underperforming the benchmark. The Fund's zero weight in energy and materials, the underweight in financials and overweight in information technology further detracted from returns.

The strongest contributor to relative returns in March was again the overweight position in US-based semiconductor developer **Nvidia**. The company announced its new Blackwell B200 GPU, the world's fastest chip which will cost nearly double the current H100. Moreover, the Fund's analysis of industry forward data points indicates that demand for servers continues to accelerate.

US-based global technology group **Alphabet** also outperformed strongly. It announced that it is in talks with Apple to integrate Google's Gemini AI model into future iPhones. This would reduce the risk of losing search engine market share to AI-powered competitors such as OpenAI. Google currently pays Apple US\$20 billion per year to be the default search engine on iOS devices.

US-based content creation and publishing software company **Adobe** underperformed after announcing first quarter earnings, which although strong, disappointed some investors. OpenAI also previewed a new text-to-video tool Sora, which is seen by some as a competitive threat. However, Axiom believe that Adobe's potential to accelerate earnings growth in the second half of 2024 is not reflected in the current market valuation.

The Fund's overweight position in US-based producer of animal medicines and vaccinations **Zoetis** also detracted from relative returns in March. Vet surgery foot traffic decelerated and safety concerns have been raised regarding its pain relief drug Librela. However, these appear manageable and it should do well in the US, having been successful in Europe.

The Fund continued to increase its position in US-based streaming and production group **Netflix**, which was first established in January. It expects the company to increase subscribers faster than consensus market forecasts in the March quarter and the new advertising-supported membership product will help drive long-term subscription growth.

The Fund also added to its holding in Taiwan-based semiconductor manufacturer **TSMC** after the company reported monthly revenue growth ahead of expectations. This should enable earnings to grow faster than forecast in the March quarter.

The Fund reduced its holding in Hong Kong-based China life insurer **AIA Group**. Investor caution towards Chinese stocks, as economic activity levels remain subdued, continues to drag on the stock's performance, despite its strong fundamentals.

The position in Japanese entertainment and electronics group **Sony** was also reduced following the disappointing forward earnings guidance which accompanied recent quarterly earnings. However, PlayStation 5 console revenue expectations now appear more achievable.

No new positions were established in March but the sale of the holding in US-based global automotive and clean energy company **Tesla** was completed. The company continues to be forced to cut prices globally as industry data indicates slowing demand for electric vehicles.

## FEATURES

APIR CODE	HOW0002AU
REDEMPTION PRICE	A\$ 3.6268
FEES *	Management Fee: 1.35% p.a
MINIMUM INITIAL INVESTMENT	\$10,000
FUM AT MONTH END	A\$ 365.77m
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.

## PENGANA AXIOM INTERNATIONAL FUND

### PENGANA CAPITAL LIMITED

ABN 30 103 800 568

AFSL 226566

### CLIENT SERVICE

T: +61 2 8524 9900

F: +61 2 8524 9901

E: [clientservice@pengana.com](mailto:clientservice@pengana.com)



### PENGANA.COM

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