

**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.

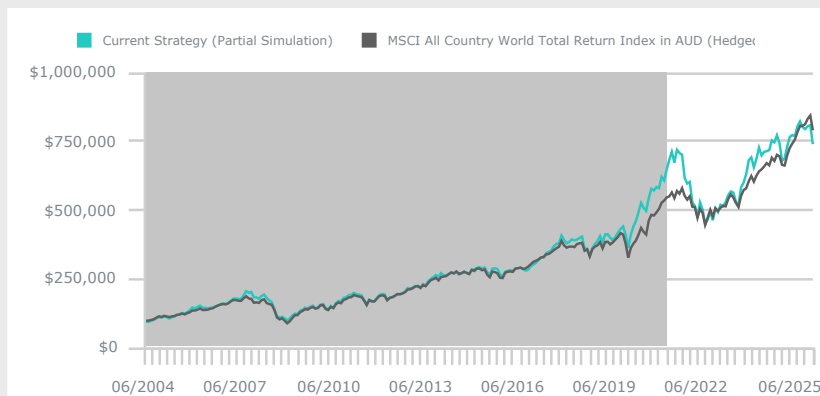
The Global Equity Strategy seeks dynamic growth by concentrating its investments in global developed markets, and may also invest in companies located in emerging markets.

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 31 Mar 2026<sup>1</sup>**
**Pengana Axiom International Fund (Hedged)<sup>1</sup>**

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 <sup>3</sup>	Since Strategy Inception July 2004 <sup>4</sup>
<b>Fund: APIR (HHA0002AU)<sup>2,3</sup></b> Managed by Axiom from June 2021	-8.6%	8.8%	3.4%	12.5%	4.1%	3.8%	7.7%	
<b>Current Strategy (Partial Simulation)<sup>5</sup></b> Axiom Global Equity Strategy						5.0%	9.8%	9.6%
<b>Index (Hedged)<sup>6</sup></b>	-6.4%	19.0%	12.6%	15.8%	8.4%	9.4%	10.5%	10.0%

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

**TOP HOLDINGS (ALPHABETICALLY)**

<b>Alphabet Inc. Class A</b>	Communication Services
<b>Amazon.com, Inc.</b>	Consumer Discretionary
<b>ASML Holding NV</b>	Information Technology
<b>AstraZeneca PLC</b>	Health Care
<b>Broadcom Inc.</b>	Information Technology
<b>JPMorgan Chase &amp; Co.</b>	Financials
<b>Morgan Stanley</b>	Financials
<b>NVIDIA Corporation</b>	Information Technology
<b>Siemens Energy AG</b>	Industrials
<b>Taiwan Semiconductor Manufacturing Co., Ltd. Spons</b>	Information Technology

**SECTOR BREAKDOWN**

Consumer Discretionary	8.5%
Consumer Staples	2.4%
Financials	12.2%
Health Care	7.8%
Industrials	21.5%
Information Technology	34.8%
Materials	0.2%
Real Estate	2.5%
Communication Services	9.6%
Cash	0.5%

**CAPITALISATION BREAKDOWN**

In between 10bn - 50bn USD	15.1%
In between 50bn - 150bn USD	19.3%
In between 150bn - 500bn USD	15.6%
Above 500bn USD	49.6%
Cash	0.5%

**REGION BREAKDOWN**

North America	62.3%
Europe ex-UK	17.6%
Emerging Markets	7.2%
Japan	6.6%
UK	3.2%
Asia Pacific ex-Japan	2.7%
Cash	0.5%

**STATISTICAL DATA**
**VOLATILITY<sup>8</sup>** 15.1%

**NUMBER OF STOCKS** 40

**BETA<sup>9</sup>** 1.08

## MARCH REPORT

### COMMENTARY

- The Fund declined 8.6% in March, underperforming the MSCI All Country World Total Return in AUD (Hedged), which fell 6.4%. Escalating Middle Eastern conflict was the dominant driver of equity weakness, with holdings in technology, communications, and materials detracting as risk appetite deteriorated.
- Portfolio fundamentals remain strong. Forward earnings revisions accelerated during the month and remained well ahead of the benchmark, with 68% of holdings receiving upgrades. Aggregate earnings growth continues to exceed the index, while valuation has become more attractive relative to growth.
- Key contributors included **Morgan Stanley** and **JPMorgan Chase**, which benefited from elevated trading activity amid market volatility, and **TJX Companies**, where strong same-store sales continued to drive outperformance. Detractors included **Meta Platforms**, **Microsoft**, and **Heidelberg Materials**. The Fund initiated a position in **Howmet Aerospace** and exited its **Alibaba** holdings.

### Market Review

Global equity markets weakened significantly in March as an escalation of the US-Iran conflict and the closure of the Strait of Hormuz drove a sharp repricing of risk across regions and sectors. Surging energy prices weighed broadly on sentiment, with energy the only sector to post positive returns. The Fund's currency hedge detracted during the month, as a weaker Australian dollar meant unhedged investors benefited from foreign currency exposures, translating into relatively higher Australian dollar terms.

In the US, equities declined as rising energy costs reignited inflation concerns and pushed Treasury yields higher. Technology stocks were notably weak, with sentiment towards enterprise software deteriorating as AI productivity tool adoption disappointed and competitive dynamics in the large language model space intensified. Digital advertising demand also softened. Financials proved more resilient, supported by elevated trading volumes and robust capital raising activity.

In Europe, equity markets were more acutely affected given the region's heavy dependence on energy imports. Spiking natural gas prices pressured margins across industrials and materials, while inflation accelerated and business sentiment deteriorated. German retail sales decelerated, and forward-looking survey data weakened.

In China, equity markets reflected continued divergence between external and domestic drivers. Export activity remained strong, while domestic conditions lagged due to declining consumer spending, ongoing weakness in property investment, and falling home prices.

### Portfolio Commentary

The Fund underperformed the benchmark in March. Industrials and information technology were the largest detracting sectors, partly offset by positive stock selection in consumer discretionary and health care. The portfolio's largest overweights remained industrials and information technology, with financials and materials the largest non-exclusionary underweights.

**Morgan Stanley** and **JPMorgan Chase** were leading contributors, as market volatility and resilient capital raising activity bolstered their trading businesses. Accelerating US loan growth provided additional support for JPMorgan Chase. **TJX Companies**, the US-based off-price retailer, also contributed as its value proposition resonated with cost-conscious consumers, driving strong same-store sales and market share gains.

Conversely, **Samsung Electronics**, the South Korean semiconductor and memory chip manufacturer, consolidated after being the portfolio's strongest performer in February, though memory fundamentals continue to improve. **Siemens Energy**, the German provider of gas turbines and grid infrastructure, pulled back after strong year-to-date performance amid heightened Middle Eastern tensions, which pressured European equities. **Societe Generale**, the French banking group, was soft amid the same European weakness, though its core retail turnaround continues to surpass guidance.

The largest additions were to **AstraZeneca**, **TJX Companies**, and **Mitsubishi Estate**, a Japanese commercial and residential property owner benefiting from accelerating rental rates. The largest reductions were to **Meta Platforms**, **Heidelberg Materials**, and **Microsoft**. Meta was reduced to an underweight as advertising demand deteriorated and US litigation risk increased. **Heidelberg Materials**, the European building materials producer, was significantly reduced after the potential easing of CO2 emission regulations and spiking natural gas prices challenged the thesis. Microsoft was further reduced as Copilot adoption disappointed amid an increasingly competitive environment for AI-enabled productivity suites.

The Fund initiated **Howmet Aerospace**, the US-based supplier of engineered aerospace components, including turbine blades for commercial aircraft and gas turbine markets, benefiting from robust narrowbody demand and expanding exposure to generative AI datacenter investment. The residual **Alibaba** holding was exited as declining domestic consumption and heightened competition weighed on the core business.

Despite the challenging month, the portfolio's underlying fundamentals remain compelling. Forward earnings revisions accelerated to +3.8% month over month, well ahead of the benchmark's -0.1%, while valuation compressed to 21.0x, the most attractive level relative to earnings growth in recent memory. Historically, this combination has been consistently followed by positive near-term relative performance. The team views the forward investment landscape as increasingly attractive for the strategy's dynamic growth approach.

On ESG, the team met with **AstraZeneca** to discuss sustainability practices and their incorporation into management incentive targets, with management moving beyond carbon-related targets into broader environmental metrics. MSCI updated its ratings methodology during March, resulting in upgrades for **Epiroc**, **Microsoft**, and **Insmad**, alongside downgrades for several holdings where revised criteria identified gaps in health and safety, labour practices, and data security disclosure.

FEATURES	
APIR CODE	HHA0002AU
REDEMPTION PRICE	A\$ 3.3213
FEES *	Management Fee: 1.35% p.a
MINIMUM INITIAL INVESTMENT	\$10,000
FUM AT MONTH END	A\$ 42.87m
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.

## PENGANA AXIOM INTERNATIONAL FUND HEDGED

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### PENGANA.COM

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