

## 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 May 2024<sup>1</sup>

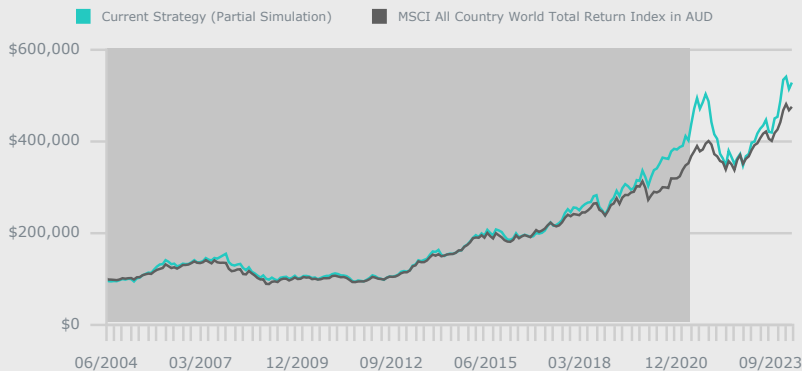
#### Pengana Axiom International Fund

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 (HOW002AU)<sup>1,2</sup></b>								
Managed by Axiom from June 2021	2.7%	26.7%	20.8%	9.6%	9.6%	12.3%	11.2%	
<b>Current Strategy (Partial Simulation)<sup>4</sup></b>								
Axiom Global Equity Strategy						13.6%	13.9%	8.7%
<b>Index<sup>5</sup></b>								
	1.6%	20.2%	15.9%	10.6%	10.6%	12.6%	12.1%	8.1%

### 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
Eli Lilly & Co	Health Care
Meta Platforms Inc	Communication Services
Microsoft Corp	Information Technology
Novo Nordisk A/S	Health Care
NVIDIA Corp	Information Technology
Taiwan Semiconductor Manufactu	Information Technology
Visa Inc	Financials

### SECTOR BREAKDOWN

Consumer Discretionary	14.2%
Consumer Staples	4.5%
Financials	6.6%
Health Care	12.5%
Industrials	8.4%
Information Technology	38.3%
Real Estate	1%
Communication Services	12.1%
Cash	2.4%

### CAPITALISATION BREAKDOWN

In between 5bn - 10bn USD	1%
In between 10bn - 50bn USD	10.3%
In between 50bn - 150bn USD	23.1%
In between 150bn - 500bn USD	24.1%
Above 500bn USD	39.1%
Cash	2.4%

### REGION BREAKDOWN

North America	68.9%
Europe ex-UK	15.6%
Emerging Markets	6.3%
Japan	6.7%
Cash	2.4%

### STATISTICAL DATA

VOLATILITY<sup>7</sup> 13.3%

NUMBER OF STOCKS 44

BETA<sup>8</sup> 0.94

## MAY REPORT

### COMMENTARY

- Global equity markets bounced back in May upon growing hopes that inflation will ease enough to allow central banks across major developed economies to begin cutting interest rates later this year.
- Corporate earnings continue to hold up well, especially those growing profits and cash flows from the adoption of generative AI technologies.
- The Portfolio returned +2.7% in May, while the benchmark returned +1.6%, as strong global equity returns were somewhat offset by the strength of the Australian dollar.

May saw the global equity market resume the upward growth trajectory that it has followed over much of this year. Share prices were boosted by signs that global inflation continues to ease around the world, raising hopes that this will enable central banks to begin reducing interest rates later this year. Gains in technology stocks aligned to AI innovation provided further support to market returns.

US Core PCE inflation – a metric closely watched by the Federal Reserve – remained unchanged at 2.8% in April. Expectations that cooling inflation will bring lower interest rates pushed the US dollar 1.5% lower relative to a basket of its main trading partners' currencies. The US consumer remains resilient, with retail sales (excluding autos and fuel) growing 4.0% in April, which was slightly slower than in March.

Meanwhile, Eurozone April retail sales were unchanged year-on-year, having grown 0.7% in the 12 months to March. This supported expectations that the European Central Bank will cut interest rates in June, despite inflation edging up in May.

Manufacturing activity in China continues to expand in response to government stimulus measures. However, consumer spending remains weak, held back by the highly indebted residential property market.

Growth stocks outperformed value in May by over 2.5% as interest rate expectations moderated and technology stocks outperformed. The Fund's growth orientation helped it to outperform the benchmark.

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

The Fund benefitted from strong stock selection in consumer discretionary and communications services and the overweight position in information technology. This was somewhat offset by weaker stock selection within information technology and the overweight position in consumer discretionary.

The Fund's strongest contributor to relative returns in May was its overweight position in **Nvidia**, the world's leading developer of graphics processing units. It continued to rally after reporting stronger than expected first quarter revenue and earnings. It also upgraded its forward guidance as the growth in data centres, which support AI innovation, continued to outpace expectations.

Taiwan-based semiconductor manufacturer **TSMC** also continued to outperform following the earnings announcement by Nvidia, a key customer. Strong monthly sales reports which exceeded investor expectations further boosted investor sentiment.

Japan-based international department store chain **Isetan Mitsukoshi** reported better than expected first quarter earnings results. It benefited from strong demand for big-ticket luxury goods and clothing from both Japanese and international customers. The Fund Manager tracks bi-monthly department stores sales data, which continues to trend upwards, supporting its earnings forecast which remains far ahead of company guidance and investor expectations.

US cloud-based document database provider **Mongo DB** was the largest detractor from relative returns in May. It underperformed after reporting disappointing earnings and forward guidance after customer spending and new business wins slowed.

The Fund's large position in US-based enterprise software company **ServiceNow** underperformed after weaker-than-expected earnings results and guidance from large-cap software companies Salesforce.com and Workday. The manager is confident that ServiceNow is one of the best positioned software companies to benefit from AI adoption.

The Fund's underweight position in US-based global technology group **Apple** detracted from relative returns after the stock began to outperform, following a period of underperformance. iPhone sales volumes increased in China after prices were reduced.

The Fund increased its exposure to **Apple** in May as a result and also continued to build its positions in **Isetan Mitsukoshi** and US-based provider of critical infrastructure for data centres and communication networks, **Vertiv**.

The Fund reduced its exposure to software companies **MongoDB**, **ServiceNow** and **Adobe** in May. The Fund Manager's analysis of forward data points revealed a trend across the sector of enterprise customers beginning to manage their technology budgets more carefully as AI innovation is prioritised.

## FEATURES

APIR CODE	HOW0002AU
REDEMPTION PRICE	A\$ 3.5413
FEES *	Management Fee: 1.35% p.a
MINIMUM INITIAL INVESTMENT	\$10,000
FUM AT MONTH END	A\$ 351.78m
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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