

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 May 2026¹

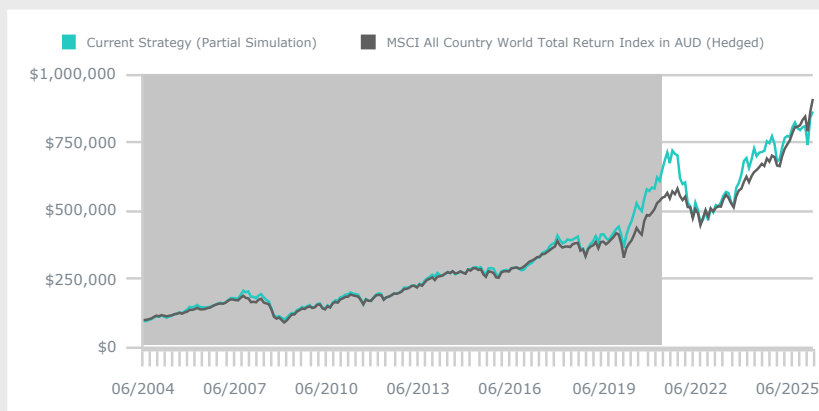
Pengana Axiom International Fund (Hedged)¹

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	2.6%	18.0%	12.1%	17.7%	7.2%	7.2%	9.4%	
Current Strategy (Partial Simulation)⁵ Axiom Global Equity Strategy							11.5%	10.3%
Index (Hedged)⁶	5.4%	30.0%	20.7%	21.0%	11.2%	11.2%	12.1%	10.6%

PERFORMANCE CHART

NET PERFORMANCE SINCE INCEPTION²



TOP HOLDINGS (ALPHABETICALLY)

Alphabet Inc. Class A	Communication Services
Amazon.com, Inc.	Consumer Discretionary
ASML Holding NV	Information Technology
Broadcom Inc.	Information Technology
JPMorgan Chase & Co.	Financials
Morgan Stanley	Financials
NVIDIA Corporation	Information Technology
Samsung Electronics Co., Ltd.	Information Technology
Siemens Energy AG	Industrials
Taiwan Semiconductor Manufacturing Co., Ltd. Spons	Information Technology

SECTOR BREAKDOWN

Consumer Discretionary	8.6%
Consumer Staples	1.9%
Financials	11.6%
Health Care	5.6%
Industrials	22.6%
Information Technology	37.7%
Real Estate	2%
Communication Services	8.2%
Cash	1.8%

CAPITALISATION BREAKDOWN

In between 10bn - 50bn USD	10.6%
In between 50bn - 150bn USD	15.9%
In between 150bn - 500bn USD	20.3%
Above 500bn USD	51.4%
Cash	1.8%

REGION BREAKDOWN

North America	61.1%
Europe ex-UK	15.5%
Emerging Markets	7.5%
Japan	7.2%
UK	2.6%
Asia Pacific ex-Japan	4.4%
Cash	1.8%

STATISTICAL DATA

VOLATILITY⁸ 15.6%

NUMBER OF STOCKS 41

BETA⁹ 1.09

MAY REPORT

COMMENTARY

- The Fund returned 2.6% in May, underperforming the MSCI All Country World Total Return in AUD (Hedged), which returned 5.4%. Global equities advanced as resilient US and Chinese economic data supported risk appetite, though stock selection within information technology and industrials weighed on relative performance.
- Portfolio fundamentals remain compelling, with 74% of holdings receiving forward earnings upgrades during the month, well ahead of the benchmark. Earnings revisions continued to outpace the index, aggregate earnings growth accelerated further, and valuation remains attractive relative to growth.
- Key contributors included **Samsung Electronics**, **HEICO** and **ASML**, supported by improving semiconductor pricing trends, robust aerospace aftermarket demand, and easing capacity concerns in lithography. Detractors included **Fujikura**, **Siemens Energy**, and the underweight position in **Micron**. The Fund initiated **Emcore**, **Keyence** and **Lumentum**, and exited **Spotify** and **Insmed**.

Market Review

Global equity markets advanced in May as resilient economic data in the US and China supported risk appetite, even as inflation concerns gained prominence. Activity indicators held up better than expected across both regions, offsetting continued deterioration in European data and helping equities push higher. The Fund's currency hedge proved modestly beneficial given a slightly stronger Australian dollar during the month.

US equities rose as manufacturing sentiment, employment trends and retail sales all remained robust. Manufacturing new orders accelerated, payrolls came in well ahead of consensus with upward revisions to prior months, and consumer spending proved resilient despite higher commodity prices. The principal counterweight was inflation, with both core consumer prices and producer prices accelerating notably above expectations, raising the prospect of higher policy rates for longer.

European equities lagged as the region's hydrocarbon import dependency continued to weigh on growth and inflation dynamics. German retail sales were particularly weak, and business conditions surveys fell to multi-year lows, while UK construction activity and retail sales also disappointed. Producer price pressures accelerated sharply across southern Europe, pointing to further inflation pass-through over the coming months.

Chinese equities were supported by the strength of the export-oriented economy. Industrial production growth remained solid, industrial profits accelerated meaningfully, and inflation stayed subdued. The housing market remained mixed, with improving transaction volumes balanced against continued home price declines.

Portfolio Commentary

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

Samsung Electronics, the South Korean semiconductor and memory chip manufacturer, was the strongest contributor as generative AI fundamentals continued to strengthen. Accelerating token consumption and customer product roadmap disclosures point to a favourable supply and demand backdrop for DRAM and NAND, the two

main categories of memory chips. Recent technological advances have also allowed Samsung to regain market share. **HEICO**, the US-based supplier of aftermarket commercial aerospace parts, reported strong results, benefiting from production challenges at original equipment manufacturers and resilient demand. **ASML**, the Dutch lithography provider, outperformed as capacity concerns abated on positive management commentary.

Conversely, **Fujikura**, the Japanese optical fibre and cable manufacturer, pulled back after strong year-to-date performance as initial fiscal year guidance came in below expectations, though follow-up diligence reinforced the view that guidance will prove conservative. **Siemens Energy** gave back some of its year-to-date gains as European equities underperformed, though turbine and grid demand remains robust. The underweight in **Micron** also detracted, with preferred memory exposure expressed through Samsung.

Sectoral weightings were broadly unchanged. The largest additions were **ABB**, the Swiss electrification and automation provider benefiting from data centre spending and warehouse automation demand, **Advantest**, the Japanese semiconductor test equipment manufacturer, added as chip capacity and complexity drive testing intensity, and **Johnson & Johnson**, where key therapeutic franchises point to faster-than-expected prescription trends.

The largest reductions were to **Hitachi**, **Amphenol**, and **Microsoft**, where lacklustre Japanese IT services trends, the threat of optical displacement of copper interconnects, and continued underperformance in cloud and productivity software, respectively, drove the team to redeploy capital. Three new positions were initiated: **Emcore**, the US electrical and mechanical services contractor. **Keyence**, the Japanese machine vision and factory automation specialist, and **Lumentum**, the US-based laser provider benefiting from optical interconnect adoption in generative AI datacentres. Residual positions in **Spotify** and **Insmid** were exited.

Portfolio fundamentals remain compelling. Forward earnings revisions of +1.3% continued to outpace the benchmark's +0.5%, while aggregate earnings growth accelerated to +31.5%, well ahead of the index. Valuation held steady, leaving the portfolio increasingly attractive relative to its growth profile, a combination historically followed by positive near-term relative performance.

On ESG, no holding received an MSCI rating change during May. The team engaged twice with **JPMorgan Chase** on leadership development, employee survey cadence, and cybersecurity posture amid growing generative AI adoption. Engagement with **Societe Generale**, the French banking group, highlighted strong integration of ESG metrics into executive compensation, with 20% of CEO variable pay tied to customer experience, HR, and carbon emission targets.

FEATURES

APIR CODE	HHA0002AU
REDEMPTION PRICE	A\$ 3.8755
FEES *	Management Fee: 1.35% p.a
MINIMUM INITIAL INVESTMENT	\$10,000
FUM AT MONTH END	A\$ 49.16m
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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