

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 Jul 2024¹

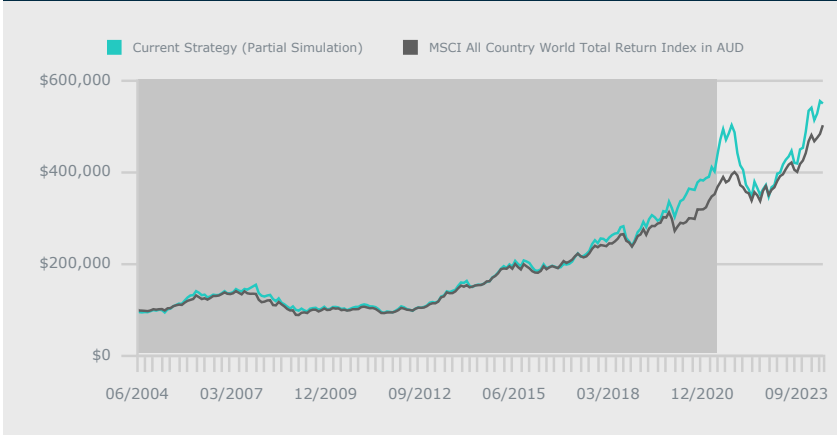
Pengana Axiom International Fund

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 ¹ | 5Y | Since Fund Inception July 2017 ² | Since Strategy Inception July 2004 ³ |
|--|-------|-------|-------|-------|--|-------|---|---|
| Fund: APIR (HOW002AU)^{1,2} | | | | | | | | |
| Managed by Axiom from June 2021 | -0.9% | 26.7% | 20.5% | 5.3% | 10.5% | 11.9% | 11.5% | |
| Current Strategy (Partial Simulation)⁴ | | | | | | | | |
| Axiom Global Equity Strategy | | | | | | 12.5% | 14.2% | 8.8% |
| Index⁵ | | | | | | | | |
| | 3.9% | 20.7% | 18.8% | 10.0% | 12.0% | 12.2% | 12.7% | 8.3% |

PERFORMANCE CHART

NET PERFORMANCE SINCE INCEPTION²



TOP HOLDINGS (ALPHABETICALLY)

| | |
|--------------------------------|------------------------|
| Alphabet Inc | Communication Services |
| Amazon.com Inc | Consumer Discretionary |
| Apple Inc | Information Technology |
| 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 |

SECTOR BREAKDOWN

| | |
|------------------------|-------|
| Consumer Discretionary | 14.3% |
| Consumer Staples | 3.9% |
| Financials | 5.9% |
| Health Care | 12.4% |
| Industrials | 8.2% |
| Information Technology | 41.3% |
| Real Estate | 1.1% |
| Communication Services | 12% |
| Cash | 0.9% |

CAPITALISATION BREAKDOWN

| | |
|------------------------------|-------|
| In between 5bn - 10bn USD | 1.9% |
| In between 10bn - 50bn USD | 8.4% |
| In between 50bn - 150bn USD | 22.7% |
| In between 150bn - 500bn USD | 23.9% |
| Above 500bn USD | 42.2% |
| Cash | 0.9% |

REGION BREAKDOWN

| | |
|------------------|-------|
| North America | 70.1% |
| Europe ex-UK | 14.6% |
| Emerging Markets | 6.6% |
| Japan | 7.8% |
| Cash | 0.9% |

STATISTICAL DATA

VOLATILITY⁷ 13.3%

NUMBER OF STOCKS 44

BETA⁸ 0.95

JULY REPORT

COMMENTARY

- Global equities continued to move higher in aggregate during July, as inflation continued to slow, increasing expectations that interest rates will fall across major developed economies later this year.
- July saw a rotation out of growth stocks – which have performed strongly this year and driven the Fund's outperformance – into a broader range of shares.
- The Portfolio returned -0.9% in July, while the benchmark returned +3.9%.

Global equity markets continued to edge upwards in July upon further signs that inflation is slowing across the major developed economies. This is expected to allow the major central banks to ease interest rates later this year.

July also saw a broadening of share market returns. Growth stocks, especially big tech and pharmaceuticals, which have driven market returns over recent quarters, moved lower. However, a much wider group of stocks performed well during the month, with global value stocks outperforming growth by over 5.7%.

The Core Personal Consumption Expenditure (PCE) Price Index, the preferred inflation metric of the US Federal Reserve, fell to 2.5% in June from 2.6% in May, raising hopes of a September rate cut. The US consumer remains resilient, as retail sales grew faster than expected in June. However, the economy created fewer new jobs than the previous month and unemployment edged up to 4.1%.

In Europe, June retail sales decelerated by 0.3% year-on-year from a 0.1% expansion in the prior month. However, economic activity indicates the economy continues to expand, but at a slower pace.

China's economy remains sluggish, with manufacturing activity again moving back into contraction. Consumer spending continues to weaken, while property-related issues remain a headwind.

The Fund underperformed in July. This was mainly due to the pivot in market sentiment towards value stocks and away from growth stocks (especially in information technology, healthcare and industrials) which have driven the Fund's outperformance this year. The Fund's overweight to information technology and communications services and its underweight to financials further detracted from relative returns.

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

The Fund's strongest contributor to relative returns was its overweight position in US-based science and technology group **Danaher**. It outperformed after reporting stronger than expected second quarter earnings results, driven by strong growth in its life sciences and diagnostic businesses.

US-based technology consultancy **Gartner** outperformed after reporting better than expected second quarter earnings. It announced improved contract value within its global technology sales and raised its full year earnings guidance.

US-based provider of corporate uniforms and related business services **Cintas** also outperformed. It reported better than expected second quarter earnings results as both revenue and profit margins exceeded analysts' expectations and it revised full year earnings guidance upwards.

The Dutch supplier to manufacturers of advanced semiconductors **ASML** was the largest detractor from relative returns in July. Despite reporting better than expected new orders, its third quarter guidance was below investors' expectations.

US-based pharmaceutical company **Eli Lilly** underperformed in July after two small competitors announced promising weight loss drug trial results. The Fund nonetheless maintains its positions in market leaders **Eli Lilly** and **Novo Nordisk**, as it believes investors continue to underestimate the growth in the size of the global weight-loss market.

US-based **Uber Technologies** also underperformed during July after high frequency data was published which indicated a potential slowdown in bookings during the second quarter. Uber's second quarter earnings results subsequently proved the data to be inaccurate, showing consistently strong ride hailing and food delivery booking trends as it continues to gain market share.

The Fund continued to rebuild its position in US-based technology group **Apple**, which is now a significant overweight position. This reflects improving global iPhone sales and expectations the launch of an AI-enabled iPhone later this year will spur a new upgrade cycle that delivers revenue growth above consensus forecasts.

The Fund established a new position in US-based **Boston Scientific**, a diversified medical device company which sells instruments primarily used in minimally invasive surgery and cardiovascular suites. Several new product launches are driving higher organic growth, which the Fund expects to be well ahead of current consensus expectations.

The Fund also established a new position in US-based **Chipotle Mexican Grill** which operates over 3,500 company owned fast casual restaurants, mainly in the US. Future international expansion should further drive earnings growth and margins.

The Fund exited its position in US health insurance group **Elevance Health** after the company reported disappointing quarterly earnings due to a higher than forecast medical loss ratio. This raises concerns it could persist, impacting future earnings results.

The Fund's overall MSCI ESG rating was upgraded to an overall score of AA from A in July. This was helped by an upgrade to US-based enterprise software company **ServiceNow's** ESG rating to AAA from AA. This reflected enhancements to the company's social and governance risk mitigation programs. The company has an industry leading business ethics framework and talent management program. It mitigates corruption-related risks through its whistleblower protection provisions and a detailed anti-corruption policy.

Axiom engaged with US-based semiconductor developer **Nvidia** in July. It discussed its sourcing of renewable energy and the implementation of a human rights assessment framework to enhance supply chain transparency. The company advised that its new Blackwell chip is 25 times more energy efficient than previous generations of chips, thus reducing data centre energy use.

Axiom also engaged with US-based retail group **Costco**, which has expanded its ESG team, made progress on measuring Scope 3 emissions, expanded its mentorship program to supervisory staff and hired a Head of Information Privacy. Axiom encouraged Costco to provide more detail about its compensation framework and specifically the weighting of ESG metrics.

FEATURES

| | |
|----------------------------|--|
| APIR CODE | HOW0002AU |
| REDEMPTION PRICE | A\$ 3.6642 |
| FEES * | Management Fee: 1.35% p.a |
| MINIMUM INITIAL INVESTMENT | \$10,000 |
| FUM AT MONTH END | A\$ 357.82m |
| 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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