

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 Jul 2025¹

 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	0.9%	10.6%	16.7%	13.5%	5.9%	7.7%	8.9%	
Current Strategy (Partial Simulation)⁵ Axiom Global Equity Strategy						9.5%	11.2%	10.2%
Index (Hedged)⁶	2.2%	14.5%	15.4%	13.7%	8.2%	12.6%	10.6%	10.0%

PERFORMANCE CHART

 NET PERFORMANCE SINCE INCEPTION²


TOP HOLDINGS (ALPHABETICALLY)

Amazon.com, Inc.	Consumer Discretionary
Apple Inc.	Information Technology
Meta Platforms Inc Class A	Communication Services
Microsoft Corporation	Information Technology
Netflix, Inc.	Communication Services
NVIDIA Corporation	Information Technology
SAP SE	Information Technology
Siemens Energy AG	Industrials
Taiwan Semiconductor Manufacturing Co., Ltd. Spons	Information Technology
Visa Inc. Class A	Financials

SECTOR BREAKDOWN

Consumer Discretionary	13.2%
Consumer Staples	1.4%
Financials	12.6%
Health Care	5.9%
Industrials	14.6%
Information Technology	34%
Real Estate	2.1%
Communication Services	15.5%
Cash	0.7%

CAPITALISATION BREAKDOWN

In between 10bn - 50bn USD	7.4%
In between 50bn - 150bn USD	20.9%
In between 150bn - 500bn USD	24.1%
Above 500bn USD	46.9%
Cash	0.7%

REGION BREAKDOWN

North America	73.2%
Europe ex-UK	13.5%
Emerging Markets	5.3%
Japan	7.2%
Cash	0.7%

JULY REPORT

COMMENTARY

- The Fund delivered a solid month in absolute terms but underperformed the benchmark MSCI All Country World Index in July, as short-term style rotations ahead of earnings season created a headwind. Earnings results across the portfolio were generally positive, and estimate revisions continued to track well ahead of the broader benchmark.
- Strong stock selection in information technology and industrials contributed positively, led by **Fujikura**, **Nvidia**, and **Microsoft**. Weakness in communication services detracted, with positions in **Netflix**, **Spotify**, and **SAP** being the largest individual detractors.
- Portfolio activity included increasing exposure to **Broadcom**, **Nvidia**, and **Siemens Energy**, initiating a new position in **Oracle**, and reducing positions in **Spotify** and **Tradeweb**. Four smaller holdings were exited.

Market review

Global equities delivered mixed returns in July, with style factor rotations creating headwinds for relative performance ahead of late-July earnings releases. Second-quarter results were broadly ahead of expectations, and estimate revisions continued to track above the broader benchmark.

Inflation trends moderated globally. In the US, core PCE inflation was stable at 2.8% year-on-year in June, while consumer spending remained firm, with retail sales ex-autos up 4.6%. The US dollar strengthened 3% over the month as the Federal Reserve's July meeting was interpreted as hawkish, reducing expectations for near-term rate cuts. In early August, weaker US employment data reversed sentiment, lifting the probability of two potential rate cuts totalling 50 basis points.

Europe showed further improvement, with industrial production up 3.7% year-on-year and services activity outpacing manufacturing. China's retail sales growth slowed to 4.8%, partially offset by stronger industrial production, while the property sector remained weak. Commodity markets were volatile, with geopolitical tensions offset by increased trade clarity following several bilateral agreements.

Portfolio Commentary

The Fund's relative performance benefited from holdings in information technology and industrials, while communication services detracted.

- **Fujikura**, initiated in June, rallied after strong competitor results and improving sentiment towards generative AI infrastructure, supported by its hyperscale data centre investment.
- **Nvidia** gained on rising wafer demand forecasts and expectations for earnings ahead of consensus.
- **Microsoft** advanced following a strong quarterly update, with Azure cloud revenue growth accelerating to 39% year-on-year, above guidance and consensus, alongside positive commentary on AI-related demand.

Conversely

- **Netflix** and **Spotify** declined despite reporting solid results. Netflix delivered revenue and profit ahead of consensus, while Spotify posted strong subscriber growth but guided to softer advertising and margins. Profits were taken on Spotify early in the month as valuations became extended, with further reductions after results.

- **SAP** fell following cautious management commentary on contract momentum, which Axiom views as conservative given improved trade conditions post-announcement.

Key portfolio activity included

- Increasing exposure to **Broadcom** and **Nvidia** to capitalise on strengthening AI and infrastructure demand. We also increased our weighting to **Siemens Energy**, which continues to grow ahead of expectations with contract terms increasingly favourable.
- Initiating a position in **Oracle**, which is emerging as a leading cloud infrastructure provider and partnering with generative AI firms like OpenAI to capture market share in AI-focused cloud workloads.
- Exiting **Ameriprise Financial**, **Chipotle Mexican Grill**, **Keyence**, and **Unilever** to redeploy into higher-conviction growth ideas.
- Reducing **Tradeweb**, as improved trade clarity and lower volatility slowed activity in its core fixed income markets.

Two positions, **Novartis** and **Prologis**, recently received ESG rating upgrades from MSCI, principally due to Board changes and resulting improvements in governance.

Axiom continues to focus on dynamic growth companies with strong operating fundamentals, particularly in information technology and communication services, the Fund's largest overweight sectors, while maintaining underweights in financials and consumer staples.

FEATURES

APIR CODE	HHA0002AU
REDEMPTION PRICE	A\$ 3.4716
FEES *	Management Fee: 1.35% p.a.
MINIMUM INITIAL INVESTMENT	\$10,000
FUM AT MONTH END	A\$ 47.24m
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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