

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 Aug 2024¹

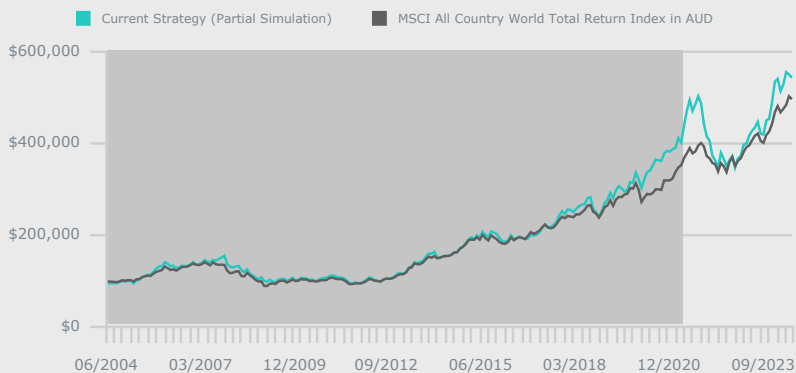
Pengana Axiom International Fund

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 (HOW0002AU)^{1,2} Managed by Axiom from June 2021	-1.3%	21.6%	22.0%	3.2%	9.7%	11.5%	11.2%	
Current Strategy (Partial Simulation)⁴ Axiom Global Equity Strategy						12.5%	13.8%	8.7%
Index⁵	-1.3%	17.8%	19.2%	8.4%	11.2%	12.0%	12.3%	8.2%

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	14.4%
Consumer Staples	3.4%
Financials	6%
Health Care	13%
Industrials	8.7%
Information Technology	40%
Real Estate	1.1%
Communication Services	12.2%
Cash	1.1%

CAPITALISATION BREAKDOWN

In between 5bn - 10bn USD	1.2%
In between 10bn - 50bn USD	8.3%
In between 50bn - 150bn USD	21.4%
In between 150bn - 500bn USD	25.9%
Above 500bn USD	42.2%
Cash	1.1%

REGION BREAKDOWN

North America	70.1%
Europe ex-UK	14.8%
Emerging Markets	6.6%
Japan	7.4%
Cash	1.1%

STATISTICAL DATA

VOLATILITY⁷ 13.2%

NUMBER OF STOCKS 43

BETA⁸ 0.95

AUGUST REPORT

COMMENTARY

- Global equities were volatile in August but ended the month higher in local currency terms, as inflation continued to slow and economic data remained fairly positive.
- The technology sector underperformed, with several semiconductor stocks weaker.
- The Portfolio returned -1.3% in August, in line with the benchmark, as a weaker US dollar detracted from global equity returns in Australian dollar terms.

Join Fund Manager Bradley Amoils for an exclusive webinar where he discusses the Fund's current portfolio holdings, the factors influencing recent performance, and some of the market variables the investment team is considering moving forward. [Register here.](#)

Global equity markets were volatile in August, falling steeply at the start of the month upon higher Japanese interest rates and weak US labour market data that raised fears of a slowdown. Technology stocks were especially sensitive to any signs that their earnings growth might be slowing.

Share markets bounced back later in the month upon stronger US economic data, weaker inflation, and strong hints from the US Federal Reserve (Fed) that it would soon begin reducing interest rates.

Inflation continued to slow across the major developed economies. The US Core Personal Consumption Expenditure (PCE) Price Index, an inflation measure closely watched by the Fed, was unchanged in July at 2.6%. This boosted expectations that US interest rates would be cut in September, which helped push the US dollar down 2.3% relative to the currencies of its major trading partners in August. The US consumer remains resilient, with retail sales strengthening in July.

Economic data in Europe was mixed, with Eurozone activity levels consistent with continued expansion, but showing signs of slowing slightly in July. Meanwhile, the pace of contraction in European retail sales eased to 0.1% year-on-year in July from the previous 0.4%.

Manufacturing activity in China edged back into expansionary territory in July, but consumer spending remains sluggish, while the highly indebted property market remains a drag on economic growth.

The Fund continues to overweight information technology, communications services, and consumer discretionary while underweighting financials, energy, and materials. Strong stock performance in industrials, communications services and healthcare drove relative returns, but this was offset by weaker stock performance and the Fund's overweight position in technology.

The Fund's strongest contributor to relative returns was its overweight position in US-based pharmaceutical company **Eli Lilly**. It outperformed after reporting better than expected second quarter earnings, which were driven by weight loss drugs Mounjaro and Zepbound. It also announced stronger than expected forward guidance and indicated it would expand production faster than anticipated.

US-based multinational technology group **Meta Platforms**, which owns Facebook also outperformed after reporting better than expected second quarter earnings results and guidance. Meta announced strong demand for digital advertising, helping to grow revenue as it continues to enhance its platform using AI technology.

Italian luxury sports car manufacturer **Ferrari** performed well after reporting strong second quarter profits and better than expected forward guidance. Ferrari's recent average sale prices and volumes on new models has exceeded analysts' expectations, which gives Axiom confidence it will grow earnings sustainably.

The largest detractor from relative returns was the Fund's overweight position in Japan-based technology company **Tokyo Electron**, which supplies wafer fabrication equipment (WFE) to semiconductor manufacturers. It underperformed despite reporting better than expected earnings and forward guidance after its key customer Intel announced weaker than expected capital equipment expenditure guidance.

Operational issues at Intel weighed on the entire semiconductor equipment sector. This led to the Fund's holding in Netherlands-based **ASML**, which is a key supplier of semiconductor manufacturers, also underperforming the market.

US-based e-commerce and cloud computing giant **Amazon** underperformed in August after reporting stronger than expected revenue growth in its cloud operation Amazon Web Services (AWS), but weakness in its retail business. Forward operating guidance also fell short of investors' elevated expectations. Despite weaker consumer sentiment, Amazon's revised earnings guidance and market expectations for the stock now appear quite conservative.

The Fund reduced its position in French luxury goods house **Hermes** after Axiom's analysis of credit card data indicated slowing consumer activity. While Hermes is the most attractive luxury stock, given its exposure to the wealthiest consumers, earnings growth may be below analysts' expectations this year.

The Fund also reduced its holding in US-based multi-brand cosmetics company **e.l.f. Beauty** after analysis of tracked scanner data indicated that sales have begun to decelerate over recent weeks. Nonetheless, Axiom remains confident that the company's non-tracked business (international and direct to consumer) will more than offset the tracked channel's deceleration in sales.

MSCI upgraded **Tokyo Electron's** ESG rating to 'AAA' from 'AA,' reflecting improved escalation procedures in respect of workplace environment and human resources policies. It has also improved corporate governance, with a majority independent board since August, pay practices that are well aligned with shareholder interests, and appointing a non-executive director with risk management expertise to the board.

FEATURES

APIR CODE	HOW0002AU
REDEMPTION PRICE	A\$ 3.6177
FEES *	Management Fee: 1.35% p.a
MINIMUM INITIAL INVESTMENT	\$10,000
FUM AT MONTH END	A\$ 351.25m
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.

PENGANA AXIOM INTERNATIONAL FUND

PENGANA CAPITAL LIMITED

ABN 30 103 800 568

AFSL 226566

CLIENT SERVICE

T: +61 2 8524 9900

F: +61 2 8524 9901

E: clientservice@pengana.com



PENGANA.COM

Pengana Capital Limited (ABN 30 103 800 568, AFSL 226566) ("Pengana") is the issuer of units in the Pengana Axiom International Ethical Fund (ARSN 093 079 906) (the "Fund"). A Product Disclosure Statement (PDS) and Target Market Determination are available and can be obtained from our distribution team or website. A person should obtain a copy of the product disclosure statement and should consider the product disclosure statement carefully before deciding whether to acquire, or to continue to hold, or making any other decision in respect of, the units in the Fund. This report was prepared by Pengana and does not contain any investment recommendation or investment advice. This report has been prepared without taking account of any person's objectives, financial situation or needs. Therefore, before acting on any information contained within this report a person should consider the appropriateness of the information, having regard to their objectives, financial situation and needs. Neither Pengana nor its related entities, directors or officers guarantees the performance of, or the repayment of capital or income invested in, the Fund.