

## 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

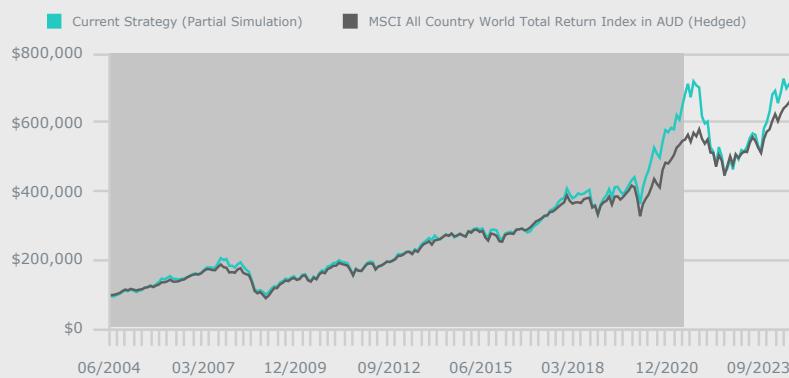
 NET PERFORMANCE FOR PERIODS ENDING 31 Oct 2024<sup>1</sup>

 Pengana Axiom International Fund (Hedged)<sup>1</sup>

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 <sup>3</sup>	Since Strategy Inception July 2004 <sup>4</sup>
<b>Fund: APIR (HHA0002AU)<sup>2,3</sup></b> Managed by Axiom from June 2021	0.6%	38.4%	24.2%	0.0%	5.0%	8.1%	8.8%	
<b>Current Strategy (Partial Simulation)<sup>5</sup></b> Axiom Global Equity Strategy						12.3%	11.3%	10.2%
<b>Index (Hedged)<sup>6</sup></b>	-1.2%	29.7%	18.4%	5.2%	6.5%	11.0%	10.0%	9.7%

## PERFORMANCE CHART

 NET PERFORMANCE SINCE INCEPTION<sup>2</sup>


## TOP HOLDINGS (ALPHABETICALLY)

Alphabet Inc	Communication Services
Amazon.com Inc	Consumer Discretionary
Apple Inc	Information Technology
Hitachi Ltd.	Industrials
Meta Platforms Inc	Communication Services
Microsoft Corp	Information Technology
Netflix Inc	Communication Services
NVIDIA Corp	Information Technology
Taiwan Semiconductor Manufactu	Information Technology
Visa Inc	Financials

## SECTOR BREAKDOWN

Consumer Discretionary	16.7%
Consumer Staples	2.2%
Financials	7.4%
Health Care	10.3%
Industrials	9.8%
Information Technology	35.5%
Real Estate	2.6%
Communication Services	13.9%
Cash	1.8%

## CAPITALISATION BREAKDOWN

In between 5bn - 10bn USD	0.8%
In between 10bn - 50bn USD	5.3%
In between 50bn - 150bn USD	26.3%
In between 150bn - 500bn USD	23.5%
Above 500bn USD	42.3%
Cash	1.8%

## REGION BREAKDOWN

North America	77.1%
Europe ex-UK	8.5%
Emerging Markets	6.4%
Japan	6.1%
Cash	1.8%

## OCTOBER REPORT

### COMMENTARY

- Global equities were weaker in October following an extended period of market gains.
- Investors grew more concerned about high share prices, fears that future US economic policy may reignite inflation over the medium term, and China's economic weakness.
- The Portfolio returned +0.6% in October, while the benchmark delivered -1.2%.

Fund Manager Bradley Amoils and Research Analyst David Schneider recently provided a portfolio update and insights from the reporting season. A recording is available below for your review. CPD points are applicable for Australian Financial Planners [HERE](#).

Global equity markets moved lower during October, unwinding a little of the huge gains delivered so far this year. Share prices were impacted by rising bond yields, reflecting investor fears that fiscal expansion following the US presidential election might increase inflation and bring higher interest rates. Ongoing weakness in China's economy further detracted from market sentiment.

Inflation continued to slow across major developed economies. The US Core Personal Consumption Expenditure (PCE) Price Index, an inflation measure closely watched by the Federal Reserve (Fed), was unchanged in September at 2.7% year-on-year, while the headline rate fell to 2.1%.

The US dollar rose 3.2% against a basket of major US trading partners' currencies in October. This reflected concerns that a Trump victory in the November US presidential election could eventually bring higher inflation, which would require higher interest rates. The US consumer remains resilient, with retail sales growing, but at a slower pace than in August.

In Europe, retail sales were relatively stable, growing 0.5% over the year to September, down slightly from 0.8% in the prior month. However, negative sentiment was reflected in purchasing managers' index data, which was consistent with the economy moving back into contraction.

China's Caixin manufacturing PMI data indicated a return to expansion in September, although the country's broader economic data continued to largely disappoint expectations. China's highly indebted real estate market continues to constrain consumer spending, which remains sluggish.

The Fund continues to overweight information technology, consumer discretionary, and communication services while underweighting financials, energy, and consumer staples. Strong stock performance in information technology, financials, and industrials drove relative returns in October. However, this was somewhat offset by the underweight to financials and weaker stock selection in health care.

The Fund's largest contributor to relative returns in October was its overweight position in US-based semiconductor developer Nvidia. It outperformed upon expectations that strong investment in data centre capacity by the hyperscalers will support continued demand growth for advanced chips.

Taiwan-based semiconductor manufacturer TSMC also outperformed after reporting better than expected September quarter earnings, with particularly strong gross margins. Strong demand for Apple iPhones and broader AI-related innovation are driving orders for advanced 3nm and 5nm semi-conductors.

US-based international streaming and production company **Netflix** outperformed in October upon strong September quarter earnings results. It reported better than expected new international subscriber and Average Revenue Per User (ARPU) totals and that its new advertising-supported product tier was performing ahead of forecasts.

Europe's largest technology company, the Netherlands-based supplier of advanced semiconductors **ASML**, underperformed upon manufacturing issues at Intel and Samsung, two of its largest customers. While the long-term outlook remains strong, near-term demand may be impacted.

US-based science and technology group **Danaher** underperformed after announcing disappointing forward earnings guidance, despite reporting stronger than expected third quarter profits. We remain confident that it is simply taking a cautious approach as growth eases in its diagnostic and bioprocessing businesses.

US-based real estate investment trust **Prologis**, which invests in logistics facilities, underperformed in October. Property companies are sensitive to longer-term bond yields, which increased in October upon fears that steeper long-term inflation could eventually lead to higher interest rates, despite the Fed's October rate cut.

The Fund established a position in Germany-based software-as-a-service group **SAP**. It is the world's largest enterprise applications software company, with over 350,000 customers in 188 countries. We expect it to benefit when large-scale M&A deals resume and believe the economy is still in the early stages of the growth in cloud computing.

The investment team engaged with **Novartis** on a range of ESG issues during October. The company explained the company's robust employee benchmarking and better baseline targets, it also outlined how ESG metrics have been part of executive compensation since 2018. The company has launched a new internal platform called Match that connects employees for mentorship, projects, and skills development across geographies using AI. Key issues which will continue to be monitored include introducing ESG metrics into executives' long-term incentive plans, developing a dashboard for supplier emissions, and minimising the use of carbon credits to achieve emissions reduction targets.

## FEATURES

APIR CODE	HHA0002AU
REDEMPTION PRICE	A\$ 3.2256
FEES *	Management Fee: 1.35% p.a.
MINIMUM INITIAL INVESTMENT	\$10,000
FUM AT MONTH END	A\$ 47.22m
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.

## PENGANA AXIOM INTERNATIONAL FUND HEDGED

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