PENGANA
CAPITAL GROUP

MONTHLY REPORT
OCTOBER 2026

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 Oct 2026[1]

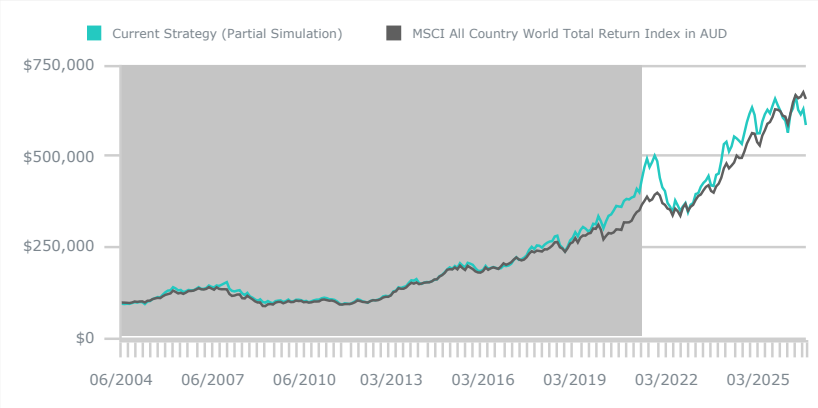
Pengana Axiom International Fund

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	5Y	Since Axiom Appointed June 2021[1]	Since Fund Inception July 2017[2]	Since Strategy Inception July 2004[3]
Fund: APIR (HOW0002AU)[1,2] Managed by Axiom from June 2021	-7%	-11.0%	1.9%	11.9%	3.9%	7.3%	9.4%	
Current Strategy (Partial Simulation)[4] Axiom Global Equity Strategy							11.4%	8.2%
Index[5]	-2.7%	4.5%	13.3%	18.1%	11.6%	12.3%	12.7%	8.8%

PERFORMANCE CHART

NET PERFORMANCE SINCE INCEPTION[2]



TOP HOLDINGS (ALPHABETICALLY)

AerCap Holdings NV	Industrials
Alphabet Inc. Class A	Communication Services
Amazon.com, Inc.	Consumer Discretionary
ASML Holding NV	Information Technology
Cboe Global Markets Inc	Financials
Johnson & Johnson	Health Care
JPMorgan Chase & Co.	Financials
Morgan Stanley	Financials
NVIDIA Corporation	Information Technology
Taiwan Semiconductor Manufacturing Co., Ltd. Spons	Information Technology

SECTOR BREAKDOWN

Consumer Discretionary	**7.2%**
Consumer Staples	**4.7%**
Financials	**15.3%**
Health Care	**8.7%**
Industrials	**16.8%**
Information Technology	**38.3%**
Real Estate	**2.6%**
Communication Services	**5.1%**
Cash	**1.1%**

STATISTICAL DATA

VOLATILITY[7] 13.9%

NUMBER OF STOCKS 50

BETA[8] 1.09

OCTOBER REPORT

COMMENTARY

- The Fund declined 7.0% in October, underperforming the MSCI All Country World Total Return Index (net, AUD), which fell 2.7%. A sharp rotation away from generative AI related holdings was the dominant driver of weakness, with information technology and industrials detracting.
- Portfolio fundamentals remained dynamic. 82% of holdings received positive revisions during the month, well above the benchmark's 64%. Forward earnings growth continued to run ahead of the index, with underlying company trends viewed as broadly intact despite the sharp factor rotation.
- Key contributors included **Cboe Global Markets** following the extension of its S&P Dow Jones Indices licensing agreement, alongside **Roche** and **AerCap**. Detractors included **Taiwan Semiconductor Manufacturing Company** and **Teradyne** as generative AI related holdings came under broad pressure. The Fund initiated five new positions, broadening exposure beyond AI infrastructure.

Market Review

Global equity markets fell in October as a sharp selloff in generative AI related holdings drove a broad rotation across sectors and regions. The decline accelerated mid-month amid scrutiny of the financing and returns required to support the rapid expansion of AI infrastructure, with concerns compounded by persistent inflation and uncertainty ahead of the November US elections. A stronger Australian dollar detracted from unhedged returns, as foreign currency exposures translated into lower Australian dollar terms.

US equities fell as the move lower in technology and semiconductor stocks accelerated through the second half of the month, driven by investor focus on the capital intensity and projected returns of AI infrastructure investment. The underlying economic backdrop remained resilient, with manufacturing activity firming and jobless claims better than expected. Core inflation surprised modestly to the upside, reinforcing expectations of tighter monetary policy.

European equities also fell on the broader technology weakness. Regional growth remained uneven, with industrial activity in parts of the region offset by softening consumer demand in core economies. French consumer confidence deteriorated meaningfully, UK retail sales decelerated, and Spanish home sales improved. Core inflation remained elevated across the region.

Chinese equities remained under pressure, with the domestic backdrop continuing to deteriorate. Year to date property investment declined further, extending a prolonged contraction. Manufacturing survey data slipped back into contractionary territory, falling short of expectations, while core inflation remained subdued.

Portfolio Commentary

The Fund underperformed the benchmark in October. Information technology and industrials were the largest detracting sectors, with sector and factor rotation the main driver rather than company fundamentals. Financials and the underweight to materials provided partial offsets. Industrials and information technology remained the portfolio's largest overweights, with communication services and consumer discretionary the largest non-exclusionary underweights.

Cboe Global Markets, a leading global exchange operator, contributed following a 25 year extension of its S&P Dow Jones Indices licensing agreement. **Roche**, a Swiss pharmaceutical company, performed strongly on anticipation around its pipeline, including giredestrant, and benefited from a broader rotation into defensive health

care names. **AerCap**, an Irish aircraft lessor, contributed following a strong quarterly result with a 42% earnings beat and an upward revision to full year guidance.

Conversely, **Taiwan Semiconductor Manufacturing Company** and **Teradyne** were the largest detractors as generative AI related holdings came under broad positioning driven selling that accelerated mid-month amid scrutiny of AI infrastructure financing and prospective returns. The team remains constructive on the long-term structural opportunity, with underlying AI adoption continuing to support the thesis, while reassessing more cyclical supply chain exposure.

Sector weightings shifted during the month, with financials and health care increased and information technology and industrials reduced, broadening exposure beyond AI infrastructure. The largest additions were to **Meta Platforms**, built out further on strong Muse adoption and engagement, **Unilever**, a global consumer staples company with defensive characteristics and operational upside potential, and **Cintas**, a US uniform rental and facility services provider, supported by its recurring revenue model and a potential UniFirst acquisition.

Reductions were led by **Siemens Energy**, trimmed to moderate AI infrastructure exposure after strong performance, **Heico**, a US aerospace aftermarket supplier reduced on cycle maturity concerns, and **Societe Generale**, trimmed on a less favourable French macroeconomic backdrop. Four further positions were initiated alongside Cboe. **Hilton Worldwide Holdings** and **Welltower**, a US senior housing focused health care REIT, were added for defensive growth supported by robust development pipelines and favourable demographic tailwinds respectively. **Veeva Systems**, a cloud software provider to the pharmaceutical industry, and **Okta**, a US identity security platform, were added on durable growth from clinical software adoption and the proliferation of autonomous agents in enterprise environments.

Underlying portfolio fundamentals remain supportive. Forward earnings growth of 25.8% continued to run ahead of the benchmark's 21.4%, while 82% of holdings received positive revisions, well above the benchmark's 64%. Valuation relative to growth moved broadly in line with the index, with the combination of durable growth and continued positive earnings momentum reinforcing the team's conviction in the strategy's dynamic growth approach.

On ESG, **Alphabet** was downgraded by MSCI to BB from BBB on weaknesses in governance, to be addressed in engagement. The team met with **Unilever** on sustainability strategy, where management highlighted a 77% reduction in Scope 1 and 2 emissions since 2015, alongside progress on plastic reduction, supplier decarbonisation, and living wage initiatives. The team encouraged greater transparency around supplier compliance and measurable emissions reduction targets.

FEATURES

APIR CODE	HOW0002AU
REDEMPTION PRICE	A$ 3.0865
FEES *	Management Fee: 1.35% p.a
MINIMUM INITIAL INVESTMENT	$10,000
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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