

## PENGANA AXIOM INTERNATIONAL ETHICAL FUND

### DESCRIPTION

The Pengana Axiom International Ethical 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\$19 billion in assets under Management.

### STATISTICAL DATA

VOLATILITY<sup>7</sup> 9.7%

NUMBER OF STOCKS 47

BETA<sup>8</sup> 0.75

### PERFORMANCE TABLE

NET PERFORMANCE FOR PERIODS ENDING 31 Dec 2021<sup>1</sup>

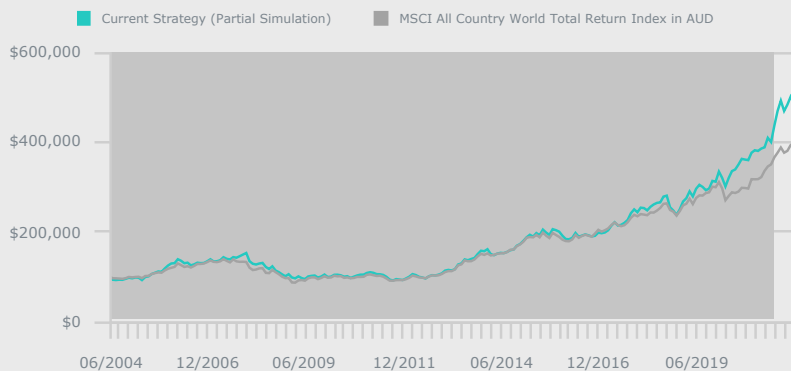
#### Pengana Axiom International Ethical Fund

The Class was established in 1 July 2017. From June 2021 Axiom was appointed as the investment manager for the Fund.

|  | 1M    | Since Axiom Appointed June 2021 <sup>1</sup> | 1Y    | 3Y    | Since Fund Inception July 2017 <sup>2</sup> | 5Y    | Since Strategy Inception July 2004 <sup>3</sup> |
|--|-------|--|-------|-------|---|-------|---|
| <b>Fund: APIR (HOW0002AU)<sup>1,2</sup></b><br>Managed by Axiom from June 2021           | -3.1% | 21.4%  | 24.6% | 20.8% | 15.6%                                       |       |   |
| <b>Current Strategy (Partial Simulation)<sup>4</sup></b><br>Axiom Global Equity Strategy |       |  | 27.2% | 26.9% | 20.0%                                       | 19.7% | 9.4%  |
| <b>Index<sup>5</sup></b>   | 1.4%  | 13.9%  | 25.8% | 19.1% | 14.7%                                       | 14.3% | 8.2%  |

### PERFORMANCE CHART

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



### TOP HOLDINGS (ALPHABETICALLY)

|                      |                        |
|----------------------|------------------------|
| Adobe Inc            | Information Technology |
| Alphabet Inc         | Communication Services |
| Amazon               | Consumer Discretionary |
| Asml Holdings        | Information Technology |
| Danaher              | Health Care            |
| Estee Lauder Cos Inc | Consumer Staples       |
| Microsoft            | Information Technology |
| ServiceNow Inc       | Information Technology |
| TE Connectivity      | Information Technology |
| Tesla Inc            | Consumer Discretionary |

### SECTOR BREAKDOWN

|                        |       |
|------------------------|-------|
| Consumer Discretionary | 18.9% |
| Consumer Staples       | 2.9%  |
| Financials             | 4%    |
| Health Care            | 13.2% |
| Industrials            | 11.3% |
| Information Technology | 37.4% |
| Communication Services | 11.2% |
| Cash                   | 1%    |

### CAPITALISATION BREAKDOWN

|                              |       |
|------------------------------|-------|
| Under 5bn USD                | 2.2%  |
| In between 5bn - 10bn USD    | 1.6%  |
| In between 10bn - 50bn USD   | 14.8% |
| In between 50bn - 150bn USD  | 30.2% |
| In between 150bn - 500bn USD | 25.9% |
| Above 500bn USD              | 24.2% |
| Cash                         | 1%    |

### REGION BREAKDOWN

|                         |       |
|-------------------------|-------|
| North America           | 73.2% |
| Europe ex-UK            | 16.1% |
| Emerging Markets - Asia | 2%    |
| Japan                   | 6.8%  |
| Asia Pacific ex-Japan   | 0.9%  |
| Cash                    | 1%    |

## VALUE STOCKS SHOWED SOME RENEWED STRENGTH INTO YEAR-END

### COMMENTARY

During December 2021, the Pengana Axiom International Ethical Fund ("Fund") underperformed the benchmark, the MSCI All Country World Index ("Index"), in AUD terms.

The Fund underperformed as value stocks showed some renewed strength into year-end due to inflation concerns, continued strong global growth, and potential central bank tightening measures causing global interest rates to increase. There are also some early signs that these reflationary tailwinds will continue to hurt our dynamic growth names as these factors crest into the first half of 2022. Underperformance was driven by stock selection in information technology and underweight to interest-rate-sensitive financials. The Fund continues to be the most overweight information technology, consumer discretionary and communication services, and underweight financials, materials, and consumer staples.

At the stock level, **Adobe**, **Square** (now renamed **Block**), and **Sea** were significant detractors. Adobe reported in-line quarterly results that disappointed some investor expectations as their single application business saw less of a holiday sales boost compared to previous years. Initial forward guidance was also conservative, but we expect Adobe to surprise positively during the upcoming year driving high-single-digit potential earnings and FCF positive surprise. We have downgraded the stock to an A1 (from A2). **Estee Lauder**, **Atlas Copco**, and **Live Nation** were top performers. The travel sector and post-COVID reopening names recovered in December as cyclicals moved up.

We initiated a new position in the Denmark-based diabetic care franchise **Novo Nordisk** based on positive surprise potential from their new weight loss and Type 2 GLP products. Our forecasts are 7% and 12% respectively ahead of consensus expectations for FY2022 and FY2023 EPS.

We continued to reduce the positions in **Sea**, **Moderna**, and **RingCentral** while we added to more dynamic names **Tesla** and **TE Connectivity**. The transition to battery electric vehicles continued to show positive surprise particularly for deliveries of Tesla's Model 3 and Model Y cars. We also added to the position in **Recruit Holdings**, an online digital job posting site, that operates the Indeed digital recruiting platform in the US.

## FEATURES

|                            |  |
|----------------------------|--|
| APIR CODE                  | HOW0002AU  |
| REDEMPTION PRICE           | A\$ 3.2914   |
| FEES *                     | Management Fee: 1.35% p.a                            |
| MINIMUM INITIAL INVESTMENT | \$10,000   |
| FUM AT MONTH END           | A\$ 388.29m  |
| 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. 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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### PENGANA.COM

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