

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 Dec 2025¹

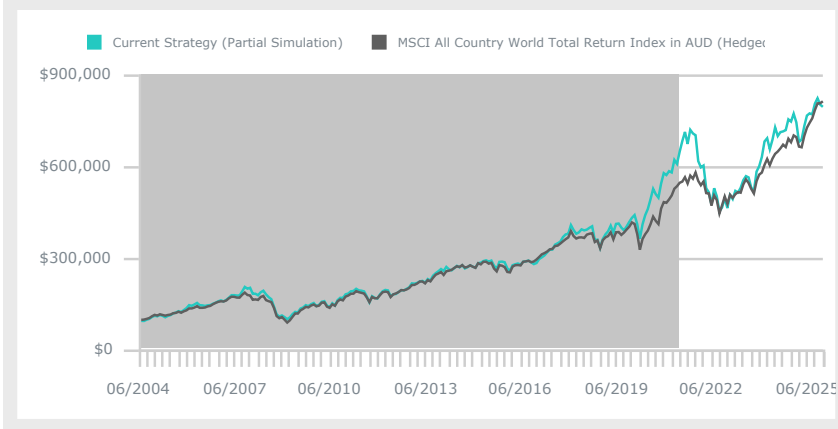
Pengana Axiom International Fund (Hedged)¹

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%	6.4%	15.0%	19.7%	6.0%	6.0%	8.8%	
Current Strategy (Partial Simulation)⁵ Axiom Global Equity Strategy						6.6%	11.0%	10.1%
Index (Hedged)⁶	0.8%	19.7%	19.1%	19.4%	9.6%	11.0%	11.2%	10.2%

PERFORMANCE CHART

NET PERFORMANCE SINCE INCEPTION²



TOP HOLDINGS (ALPHABETICALLY)

Alphabet Inc. Class A	Communication Services
Amazon.com, Inc.	Consumer Discretionary
Broadcom Inc.	Information Technology
JPMorgan Chase & Co.	Financials
Meta Platforms Inc Class A	Communication Services
Microsoft Corporation	Information Technology
Morgan Stanley	Financials
NVIDIA Corporation	Information Technology
Siemens Energy AG	Industrials
Taiwan Semiconductor Manufacturing Co., Ltd. Spons	Information Technology

SECTOR BREAKDOWN

Consumer Discretionary	11.2%
Consumer Staples	0.5%
Financials	10.8%
Health Care	6.8%
Industrials	14.2%
Information Technology	38.3%
Real Estate	1.2%
Communication Services	15.1%
Cash	1.9%

CAPITALISATION BREAKDOWN

In between 10bn - 50bn USD	7.2%
In between 50bn - 150bn USD	15.1%
In between 150bn - 500bn USD	25.3%
Above 500bn USD	50.5%
Cash	1.9%

REGION BREAKDOWN

North America	72.1%
Europe ex-UK	14.1%
Emerging Markets	6.5%
Japan	4.9%
UK	0.6%
Cash	1.9%

STATISTICAL DATA

VOLATILITY⁸ 15%

NUMBER OF STOCKS 44

BETA⁹ 1.07

DECEMBER REPORT

COMMENTARY

- The Fund declined 0.9% in December, underperforming the benchmark, which gained 0.8%, as market leadership rotated away from growth-oriented exposures. The currency hedge provided a significant benefit during the month, offsetting the impact of a weaker US dollar.
- Portfolio fundamentals remained resilient, with forward earnings revisions continuing to trend positively and aggregate earnings growth sustaining a premium to the benchmark. Valuation support improved further, with the Fund's price-to-earnings-to-growth (PEG) ratio declining to 1.0x, reinforcing the attractiveness of the opportunity set.
- AppLovin, Siemens Energy and Morgan Stanley contributed most to returns, while Broadcom, Netflix and Sony Group detracted. The Fund added to Alphabet, ASML and TJX Companies, reduced Netflix, Oracle and ServiceNow, initiated AerCap Holdings, Danaher, and AstraZeneca, and exited Equinix.

Market Review

Global equity markets strengthened in December, with factor rotations weighing on growth-oriented stocks despite easing volatility and a more supportive monetary policy backdrop. Economic data released following the conclusion of the US government shutdown was broadly constructive, reinforcing expectations that inflation pressures continue to moderate while growth remains uneven. The Fund's currency hedge provided a significant benefit during the month, as the US dollar weakened relative to the Australian dollar.

In the United States, November core inflation slowed to 2.6% year-on-year, below expectations and down from earlier levels. Labour market data remained neutral, while purchasing managers' indices showed a slowing expansion in services activity and subdued but stable manufacturing conditions. Housing indicators remained soft, with pending home sales declining modestly and price growth decelerating. Against this backdrop, the Federal Reserve reduced interest rates by 25 basis points during the month.

Elsewhere, economic conditions remained mixed. In Europe, construction output improved modestly, while investor confidence strengthened, although consumer sentiment remained subdued. Inflation remained contained across the region. In China, growth continued to diverge, with exports rebounding strongly while domestic consumption and property investment remained under pressure.

Despite subdued and uneven global growth, monetary policy remains broadly supportive across major regions. In this environment, Axiom remains focused on companies exhibiting positive operating momentum and improving fundamentals, where dynamic earnings growth and ongoing earnings revisions are expected to remain key drivers of long-term returns.

Portfolio Commentary

The Fund underperformed the benchmark in December. At the sector level, underweight exposure to consumer staples contributed positively, while overweight positions in information technology and communication services detracted as market leadership rotated away from growth-oriented exposures. Portfolio sector positioning was broadly unchanged, with the largest overweights remaining information technology and communication services, and the largest non-exclusionary underweights in financials and consumer staples.

At the stock level, **AppLovin**, a digital advertising and app monetisation platform, was the strongest contributor following favourable industry feedback on its new e-commerce advertising offering. Early adoption accelerated into the holiday period, supporting confidence in medium-term revenue potential. **Siemens Energy**, a provider of power generation and grid infrastructure equipment, also performed strongly as expectations for turbine orders, revenue growth and margins continued to improve after its Capital Markets Day. **Morgan Stanley** contributed as a steeper yield curve and improving expectations for capital markets activity supported earnings outlooks.



After being a leading contributor in November, **Broadcom** consolidated following its earnings release, which fell short of elevated expectations. Management's disclosure of a \$73bn AI order backlog created initial uncertainty around revenue timing, although subsequent clarification and positive earnings revisions supported confidence in the medium-term outlook. **Netflix** detracted following the announcement of a proposed acquisition of Warner Bros Discovery, raising concerns around valuation, dilution, and strategic complexity, resulting in a significant reduction in the position. **Sony Group** was weaker amid geopolitical tensions and rising memory prices, although management confirmed current-year earnings are insulated from these pressures.

Portfolio activity was focused at the stock level. The Fund added to **ASML**, **TJX Companies** and **Alphabet**, reflecting confidence in improving industry conditions, continued operational outperformance and accelerating generative AI adoption. Reductions were made to **Netflix**, **Oracle** and **ServiceNow**, reflecting acquisition uncertainty, concentration risk and valuation discipline.

Three new positions were initiated during the month. **AerCap Holdings**, the world's largest aircraft lessor, benefits from strong demand and constrained aircraft supply, supporting lease yields and capital returns. **Danaher** is emerging from a period of inventory digestion, with accelerating revenue growth not yet reflected in forecasts. **AstraZeneca** was added, given the underappreciated growth in its oncology and cardio-metabolic franchises. The Fund exited **Equinix**, reallocating capital toward healthcare exposures and reducing overall factor risk.

There were no changes to the MSCI ESG rating during the month. Engagement activity included discussions with Amazon, Nvidia, Siemens Energy and TSMC, focusing on emissions disclosure, supply chain practices, human capital management and governance frameworks.

FEATURES	
APIR CODE	HHA0002AU
REDEMPTION PRICE	A\$ 3.5675
FEES *	Management Fee: 1.35% p.a
MINIMUM INITIAL INVESTMENT	\$10,000
FUM AT MONTH END	A\$ 47.09m
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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