

## 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.

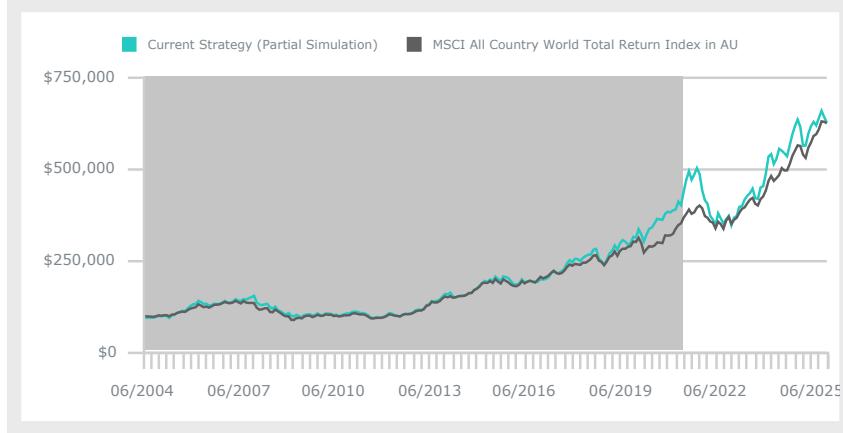
The investment manager is Axiom Investors, a Connecticut-based global equity fund manager formed in 1998 with over US\$19billion in assets under Management.

## PERFORMANCE TABLE

 NET PERFORMANCE FOR PERIODS ENDING 31 Dec 2025<sup>1</sup>

Pengana Axiom International Fund								
	1M	1Y	2Y	3Y	Since Axiom Appointed June 2021 <sup>1</sup>	5Y	Since Fund Inception July 2017 <sup>2</sup>	Since Strategy Inception July 2004 <sup>3</sup>
<b>Fund: APIR (HOW0002AU)<sup>1,2</sup></b> Managed by Axiom from June 2021	-2.4%	1.4%	17.6%	21.9%	10.2%	9.9%	11.2%	
<b>Current Strategy (Partial Simulation)<sup>4</sup></b> Axiom Global Equity Strategy						10.4%	13.4%	8.9%
<b>Index<sup>5</sup></b>	-0.6%	13.6%	21.3%	21.3%	13.4%	14.5%	13.3%	8.9%

## PERFORMANCE CHART

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


## TOP HOLDINGS (ALPHABETICALLY)

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

## SECTOR BREAKDOWN

Consumer Discretionary	11.2%
Consumer Staples	0.5%
Financials	10.8%
Health Care	6.9%
Industrials	14.4%
Information Technology	38.4%
Real Estate	1.2%
Communication Services	15.1%
Cash	1.5%

## CAPITALISATION BREAKDOWN

In between 10bn - 50bn USD	7.3%
In between 50bn - 150bn USD	15.3%
In between 150bn - 500bn USD	25.5%
Above 500bn USD	50.4%
Cash	1.5%

## REGION BREAKDOWN

North America	72%
Europe ex-UK	14.4%
Emerging Markets	6.5%
Japan	5%
UK	0.6%
Cash	1.5%

## DECEMBER REPORT

### COMMENTARY

- The Fund declined 2.4% in December, underperforming the benchmark, which fell 0.6%, as market leadership rotated away from growth-oriented exposures despite easing volatility and a more supportive monetary backdrop.
- 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 declined 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. A weaker US dollar detracted from returns in Australian dollar terms.

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	HOW0002AU
REDEMPTION PRICE	A\$ 3.5408
FEES *	Management Fee: 1.35% p.a.
MINIMUM INITIAL INVESTMENT	\$10,000
FUM AT MONTH END	A\$ 352.43m
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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