

On May 5th, Pengana announced the appointment of Axiom Investors to manage the Fund. Axiom is a Connecticut-based global equity fund manager formed in 1998 with over US\$19billion in assets under management. The Fund, now renamed the Pengana Axiom International Ethical Fund, invests in companies that are dynamically growing and changing for the better. The Fund’s ethical investment policy has not changed and is implemented by Axiom with oversight from Pengana. Unhedged and hedged versions of the Fund are offered.

Following Axiom’s appointment, the process of transitioning the positions from the old to the new portfolio commenced. Pengana monitored this process throughout and can confirm that it was efficiently executed with minimal direct cost to the Fund and was fully completed by month-end.

In partnering with Axiom, Pengana has identified a highly regarded global equity manager with a 17-year track record of generating significant outperformance for its clients, many of which are the world’s largest and most sophisticated investors, including sovereign wealth funds and endowments. We look forward to a long and fruitful relationship with our international ethical investors.

Please find a brief monthly commentary for May below, which will be expanded over the coming months now Axiom has full responsibility for portfolio management decisions.

For investors wishing to know more about Axiom Investors’ investment philosophy and process, please see the recent webinar recording [here](#).

PENGANA AXIOM INTERNATIONAL ETHICAL FUND

PERFORMANCE AT 31 MAY 2021

	1 MTH	1 YEAR	3 YEARS P.A.	SINCE INCEPTION P.A.
Pengana Fund <small>The historical performance of the Fund (APIR: HOW002AU) across past and present investment teams</small>	0.09%	14.31%	12.36%	12.39%
MSCI All Country World Total Return Index in AUD	1.35%	21.64%	13.00%	13.26%

PENGANA AXIOM INTERNATIONAL ETHICAL FUND (HEDGED)

PERFORMANCE AT 31 MAY 2021

	1 MTH	1 YEAR	3 YEARS P.A.	SINCE INCEPTION P.A.
Pengana Fund The historical performance of the Fund (APIR: HHA0002AU) across past and present investment teams	0%	13.59%	11.84%	12.22%
MSCI All Country World Total Return Index in AUD (Hedged)	1.35%	21.64%	13.00%	13.26%

From 4th June 2021, the capital component of the foreign currency exposure for the Pengana Axiom International Ethical Fund (hedged) was hedged back to Australian dollars. Net performance figures are shown after all fees and expenses and assume reinvestment of distributions. Past performance is not a reliable indicator of future performance. The value of the investment can go up or down.











MARKET

May saw a reversion to the outperformance of value cyclicals, as previously experienced over February and March. These factors have created an asymmetric set-up for growth equities where earnings beats have not been rewarded with outperformance and instead met with worry. This dynamic has plagued growth stocks for the last few quarters; however, as is usually the case, fundamentals and equity performance do eventually re-align. An early sign of this re-alignment can be seen in government bond yields that gyrated over May but ended the month down overall. The sharp increase in interest rates seen from late last year through the first quarter of 2021 now seems to be plateauing and its direct inverse relationship with growth equity valuations can finally alleviate as a headwind to the Funds.

PORTFOLIO

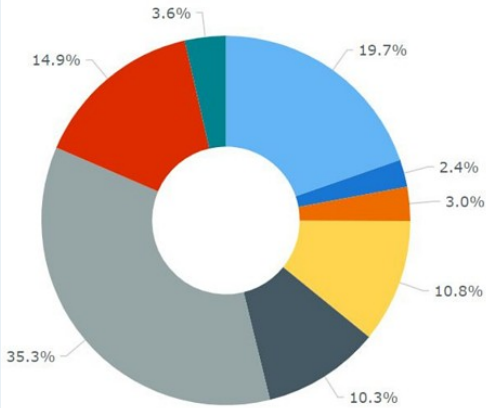
During May, portfolio holdings **Live Nation** and **Moderna** performed strongly. Live Nation benefitted from a relaxation of gathering protocols as vaccinations in the US progressed, and Moderna continued its upward trajectory after raising its production outlook for the year and announcing vaccine deals in more countries. **Tesla** reacted poorly to bad publicity in China that may impact their business in the short run in the country. We are monitoring the company's performance in China and worldwide closely. The underperformance of **Deere** (farm equipment manufacturer) and **Trex** (manufacturer of premium-priced composite decking materials) were caused by drawdowns in agriculture and lumber commodity prices. Food inflation was impacted by changes to weather forecasts, improving supply conditions, while lumber prices saw some price elasticity by homebuilders. Despite these gyrations, underlying demand for farm equipment and home improvement remains strong and supports continued ownership of these companies.

TOP 10 HOLDINGS

 Adobe	Adobe Inc	 facebook	Facebook Inc
 Alphabet	Alphabet Inc	 Microsoft	Microsoft
 amazon.com	Amazon	 moderna	Moderna Inc
 ASML	Asml Holdings	 PayPal	PayPal
 DANAHER	Danaher	 TESLA	Tesla Inc

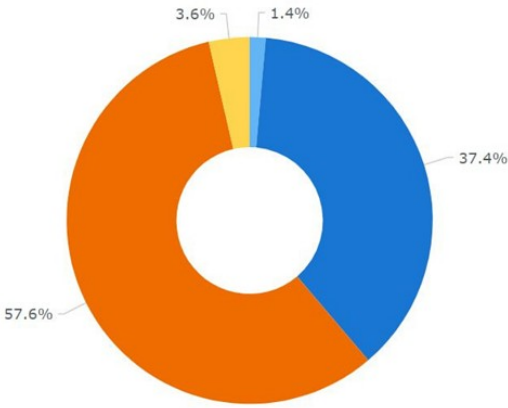
PORTFOLIO BREAKDOWN

Sector Breakdown



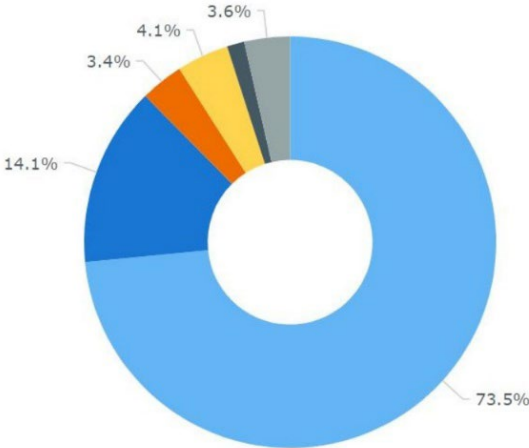
- Consumer Discretionary
- Consumer Staples
- Financials
- Health Care
- Industrials
- Information Technology
- Communication Services
- Cash

Capitalisation Breakdown



- In between 5bn - 10bn USD
- In between 10bn - 100bn USD
- Above 100bn USD
- Cash

Region Breakdown



- North America
- Europe ex-UK
- Emerging Markets - Asia
- Japan
- Asia Pacific ex-Japan
- Cash

FEATURES

APIR CODE	HOW0002AU
REDEMPTION PRICE	A\$ 2.7608
FEES*	Management Fee: 1.35% p.a.
MINIMUM INITIAL INVESTMENT	\$10,000
FUM AT MONTH-END	A\$ 344.10m
BENCHMARK	MSCI All Country World Total Return Index in AUD

APIR CODE	HHA0002AU (Hedged)
REDEMPTION PRICE	A\$ 2.8425
FEES*	Management Fee: 1.35% p.a.
MINIMUM INITIAL INVESTMENT	\$10,000
FUM AT MONTH-END	A\$ 60.73m
BENCHMARK	MSCI All Country World Total Return Index in AUD

Kind regards,



BRADLEY AMOILS
Managing Director/Portfolio
Manager



ANDREW JACOBSON
CEO/Chief Investment
Officer

PENGANA INVESTMENT MANAGEMENT LIMITED

ABN 69 063 081 612

AFSL 219462

Levels 1, 2 & 3, 60 Martin Place Sydney,
NSW 2000 Australia

PENGANA.COM

CLIENT SERVICE

T: [+61 2 8524 9900](tel:+61285249900)

F: [+61 2 8524 9901](tel:+61285249901)

E: clientservice@pengana.com

Pengana Capital Limited (ABN 30 103 800 568, AFSL 226566) ("Pengana") is the issuer of units in the Pengana Axiom International Ethical Fund (ARSN 093 079 906) (the "Fund"). A product disclosure statement for the Fund is available and can be obtained from our distribution team or website. A person should obtain a copy of the product disclosure statement and should consider the product disclosure statement carefully before deciding whether to acquire, or to continue to hold, or making any other decision in respect of, the units in the Fund. This report was prepared by Pengana and does not contain any investment recommendation or investment advice. This report has been prepared without taking account of any person's objectives, financial situation or needs. Therefore, before acting on any information contained within this report a person should consider the appropriateness of the information, having regard to their objectives, financial situation and needs. Neither Pengana nor its related entities, directors or officers guarantees the performance of, or the repayment of capital or income invested in, the Fund.

1. Past performance is not a reliable indicator of future performance.

Sender of the Email Is PENGANA

© Copyright 2021 PENGANA. All rights reserved.

Please remove the 2 below links before forwarding this email to anyone.

Pengana Capital Group, Levels 1, 2 & 3, 60 Martin Place, NSW

[Unsubscribe](#) [Manage preferences](#)

